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WORLD NEWS

Court brings seamen's case forward

The High Court agreed to a request from Sealink and Peninsular & Oriental to bring forward a hearing to consider the possible sequestration of the National Union of Seamen's assets, after its members refused to return to work.

The ferry companies accused Union General Secretary Sam McCluskie of complying with the letter, but not the spirit of his promise to call off the strike. Page 5; Back Page

Bukharin rehabilitated

The Soviet Supreme Court posthumously rehabilitated Nikolai Bukharin and Alexei Rykov, leading Bolsheviks executed during Stalin's purges. Back Page

Botha privatisation plan

President Botha unveiled a privatisation programme to boost South Africa's economy, but announced no apartheid reforms. Page 2; Back Page

Anti-apartheid clash

Three people were stabbed to death and eight wounded in black townships near Pietermaritzburg in continuing clashes between anti-apartheid groups.

Israelis stage mock attack

Israeli warplanes staged mock attacks on Palestinian refugee camps in Sidon, southern Lebanon. In the occupied West Bank Israeli troops and settlers shot and wounded eight Palestinians. Page 2

Lebanese kidnappings

Palestinian guerrillas kidnapped a Swede and a Norwegian working for the United Nations in Tyre, south Lebanon. Page 2

US indicts Gen Noriega

Panamanian ruler Gen Manuel Antonio Noriega, was accused by US federal prosecutors in Miami of selling his country to drug smugglers and pocketing \$4.6m (£2.6m) in narcotics profits. Page 2

Treaty Nobel nomination

Soviet leader Mikhail Gorbachev and President Ronald Reagan were nominated for the 1988 Nobel Peace Prize for last year's treaty scrapping medium-range nuclear missiles.

Protestant arms cache

Rival Protestant para-military organisations co-operated to pay for the weapons found in a north Belfast house on Thursday. The cache belonged to the outlawed Ulster Volunteer Force, but was part of a shipment aided and financed by the Ulster Defence Association.

Malay PM will not resign

Malaysian Prime Minister Mahathir Mohamad rejected calls for his resignation following a court decision that his ruling party was "an illegal society." Page 3

French bureau hostage

Five supporters of imprisoned French terrorists occupied the Brussel's office of French news agency AFP taking the agency's acting bureau chief hostage.

Brazilian flood deaths

Eleven people died and about 10,000 were made homeless by three days of torrential rain in Brazil, the Civil Defence said.

Hepatitis epidemic

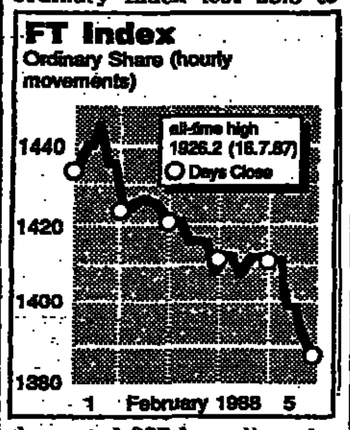
Shanghai has an estimated 40,000 cases of hepatitis, Western diplomats reported.

BUSINESS SUMMARY

US jobless figures fuel growth fears

US UNEMPLOYMENT figures, unchanged last month for the second successive month, were seen in financial markets as further evidence that the country's economy is slowing sharply in the first half of this year. Bonds surged, with the long bond yield dropping to 8.27%, its lowest since last April. Back Page

EQUITIES fell in London on concern over renewed wage inflationary pressures. The FT Ordinary Index lost 23.8 to close at 1,387.1, ending the week down 48.6. The FT-SE 100 index fell 29.1 to 1,737.8, a loss of 53 points on the week. Page 12; Lex, Back Page



STANDARD CHARTERED, London-based international bank, is to close six of its 25 UK branches, affecting an estimated 260 jobs, as part of a rationalisation. Page 4

WOOD MACKENZIE is to shut its Tokyo office, with 10 job losses, and Midland Montagu is to close its eight-member Tokyo equity research arm in what is believed to be the first such retrenchment among securities houses in the city. Page 10

TAIPEI prosecutor's office has brought indictments against the president and five other officials of leading Taiwan brokerage Da Shing Securities, on charges of illegal securities financing. Page 10

AMAX, US natural resources group, took a \$385.6m (£218.7m) fourth-quarter charge to cover costs of reducing its loss-making molybdenum business, but reported annual net profits more than trebled at \$51.2m. Page 10

BROKEN HILL Proprietary, Australia's largest company, is to sell its 61 per cent stake in Elders Australia, steel-based and plastic products maker, as part of an A\$1bn (£402.2m) asset disposals programme to help pay for its restructuring. Page 10

FEDERATED STORES, large US retailing group, formally rejected the \$4.2bn (£2.4bn) takeover bid from Toronto real estate and retailing group Campeau Corporation, but appeared open to talks on a higher offer. Page 10

NEWMAN TONKS, Midlands-based door controls and building supplies company, launched an agreed £77m bid for Henderson Group, which makes building supplies. Back Page

SMITH NEW COURT, UK securities firm, is paying £17.5m to buy the securities business of Carl Marks and Co, leading US market maker in non-domestic equities. Page 8

MOUNTLEIGH Group, Yorkshire-based property trading company run by Tony Clegg, made an agreed bid worth about £61.6m for Phoenix Properties and Finance. Page 8

THOMSON T-LINE, industrial holdings company, is to pay £90m for Vernon Pools, Britain's second largest football pools company. Page 8

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime \$1.7515
DM 1.7035	London: \$1.7555 (1.7625)
FFr 5.7475	DM 2.98 (same)
SFr 1.3965	FFr 10.06 (10.05)
Y129.305	SFr 2.44 (2.435)
London:	Y226.25 (226.5)
DM 1.698 (1.6905)	Sterling index 74.2 (74.3)
FFr 5.73 (5.7025)	
SFr 1.3905 (1.382)	
Y128.95 (128.5)	
Dollar index 95 (94.9)	
Tokyo close Y128.55	

LONDON MONEY
3-month interbank: closing rate 9¼% (9⅛)

NORTH SEA OIL
Brent 15-day Feb (Argus) \$16.225(16.30)

US LUNCHTIME RATES
Fed Funds 6⅝%
3-month Treasury Bills: yield: 5.77%
Long Bond: 106⅝ yield: 8.26%

STOCK INDICES
FT Ord 1,387.1 (-23.8)
FT-A All Share 892.44 (-1.5%)
FT-SE 100 1737.8 (-29.1)
FT-A long gilt yield index: High coupon: 9.41 (9.37)
New York lunchtime: DJ Ind Av 1,924.07 (+0.5)
Tokyo: Nikkei 23,650.8 (-58.3)

GOLD
New York: Comex April \$443.2 (448.2)
London: \$439.0 (443.75)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda \$1.50; Belgium BFr48; Canada C\$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK\$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon \$L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pes20; Portugal Esc100; S.Arabia Rls7.00; Singapore S\$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.20; Taiwan NT\$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA \$1.00.

SELLING PRICE IN IRELAND 60p

Markets unsettled by prospect of national Ford strike

BY CHARLES LEADBEATER, LABOUR STAFF

FORD MOTOR Company's 21 British plants seem certain to be brought to a standstill by a strike from tomorrow night. Talks yesterday aimed at resolving the pay dispute broke down after just 15 minutes.

The prospect of the first national strike at Ford for almost a decade unsettled financial markets. Share and gilt-edged securities prices fell as investors took the threat as a sign of a possible upsurge in wage inflation.

Union leaders called the strike after Ford refused to modify the offer which 59 per cent of the 32,500 workers rejected in ballots on Wednesday.

The offer of a 7 per cent increase for 1987-88, followed by rises worth 2.5 per cent more than the inflation rate in the subsequent two years, was recommended by union leaders last Sunday. It included proposals for far reaching changes to working practices, and the introduction of quality discussion groups.

Ford immediately took a firm line over the union's action: it withdrew the offer, warned that pay rises would not be backdated till November 1987, the end of the last contract, and indicated that it would consider changes to bargaining arrangements.

The company has lost 40,000 units of production worth about £300m as a result of unofficial strikes since pay talks started in October, and would lose production worth about £17m a day if the strike went ahead.

The strike could have serious consequences for the company's suppliers and for some of its European plants which depend on components made in Britain.

Dealers could be quickly hit. Stocks have been cut by the recent unofficial stoppages and higher than expected orders.

The unions were given authority to call the strike by secret ballots two weeks ago, in which 88 per cent of workers voted for industrial action.

Workers at 11, mainly small plants, voted to accept the offer, but union leaders predicted unanimous support for the strike call. The company indicated that to avoid further tensions it would not be encouraging workers to cross picket lines on Monday.

Mr Jimmy Airlie, chief negotiator for the AEU, engineering union said: "It is not a matter of money. Workers object to the length of the agreement. We recognise the need for efficiency improvements, but we want commitments of harmonisation of terms and conditions, and a review of a pay structure alongside those changes."

Mr Mick Murphy, the Transport and General Workers Union national automotive officer, and chief union negotiator, who last Sunday described the deal as an historic achievement, denied he had misread the mood of his members.

Mr John Hougham, the company's personnel director, said it was impossible to estimate the harm the strike would do.

Simon Holberton writes: The strike prospect sent the FT-SE 100 Share Index down 29.1 points to 1,737.8 and the FT Ordinary Share Index closed 23.8 points lower at 1,3871.

In the gilts market, prices fell by almost a point as the implications of the strike for earnings growth began to make themselves felt. By the close of trading the yield on long gilts was almost 9.6 per cent compared with 9.38 per cent a week ago.

Financial markets traders and analysts said renewed union militancy, as evidenced by Ford, the National Union of Seamen's strike and the possibility next week of Vauxhall Motors striking as well, raised the spectre of a return to the pre-1979 "bad old days" of wage-push inflation.

Commercial vehicle sales, Page 4; Editorial Comment, Page 6; Men in the News, Page 7; Lex, Back Page

London health workers threaten further action

BY DAVID BRINDLE AND JOHN GAPPER

HEALTH WORKERS in London threaten to stage more protest action next week, following the breakdown of talks on London weighting payments. No improvement was made to an offered increase of 98p a week.

Mr Roger Poole, national health officer of the National Union of Public Employees, warned: "I think the lid will come off from Monday."

The relatively low level of London weighting payments in the National Health Service was one of the causes of the strikes and demonstrations by some nurses and other health workers earlier this week.

Ambulance staff, nurses, hospital ancillary workers and doctors receive flat-rate annual payments of £930. Clerical workers, therapy and scientific and technical staff receive £1,201 in inner London and £718 in an outer zone.

These compare with £3,000 payments offered by the clearing banks in inner London and larger sums given to the staff of at least one building society.

An increase in the NHS rates was due from last April. Yesterday, union leaders representing the 100,000 workers concerned formally rejected a standing offer of a rise of 5.5 per cent to £981 a year for the main group and £1,267 and £757 for the other two respectively.

Although the unions had expected that a better offer would then be tabled, no improvement was made and the talks ended after 15 minutes.

Mr Poole said he was suspicious of the management side's stance and wondered whether the unions were being provoked into taking further action. However, he added: "We have got to do something to break the back of this situation."

Mr Colm O'Kane, deputy general secretary of the Cohse health workers' union, said he was amazed there had been no improved offer after health workers had demonstrated their anger so clearly.

The management side represents the employing London health authorities. The unions suspect that it is strongly influenced by the Government.

The Department of Health and Social Security said last night that a 5.5 per cent rise was more than most other public sector workers in London had received. "The management side regrets that the staff side rejected this offer and hopes that, in the interests of the staff of the NHS, it will be prepared to reconsider its position."

Diagnosing the real problem, Page 6

Kinnock free market pledge faces left wing opposition

BY JOHN HUNT

A COMMITMENT to the operation of the free market over much of the economy, particularly in distribution, is put forward in a statement of the aims and values of democratic socialism drawn up by Mr Neil Kinnock, Labour Party leader, and Mr Roy Hattersley, his deputy.

The proposals will be seen by Mr Kinnock's left-wing critics in the party as an attempt by the leadership to shift Labour dramatically to the right. It seems certain to be hotly contested by the left-wing Campaign Group, in which Mr Tony Benn is a leading figure.

The document, meant to form the basis of party policy, proposes that the public utilities should remain in public ownership – "nationalised in the original sense of the word."

Health care, education and social security would also remain within the public sector.

However, it adds: "In the case of the allocation of most other goods and services the operation of demand and supply and the price mechanism is a generally satisfactory means of determining provision and consumption."

The document was discussed at a two-day meeting of the Labour Shadow Cabinet and the party's National Executive Committee which ended yesterday. Mr Kinnock said the discussions had been congenial and productive, and denied accounts by some of those present that there had been acrimonious exchanges.

No vote was taken but Mr Kinnock said a consensus had emerged. The document has to be approved by a meeting of the NEC in about two months, and will then go to the annual Labour Party conference in the autumn for approval.

Mr Benn and another left-winger, Mr Ken Livingstone, declined to comment when they left the meeting. They are however expected to campaign against the mixed-economy proposals before the annual conference. Mr Benn put forward his own alternative document at yesterday's meeting.

The left will see the extension of free enterprise as an attack on Clause Four of the party's constitution, which commits it to the public ownership of the means of production, distribution and exchange.

Yesterday Mr Eric Heffer, the prominent left-wing MP, said he saw no reason for a basic change in the party's policies and warned against getting rid of "our basic socialist values and ideas."

Mr Kinnock, however, said the proposals left Clause Four intact.

A central section of the document states: "To attempt the distribution of consumer goods by central direction and bureaucratic allocation is to risk the waste and inefficiencies of the command economies. It is also to deny consumers the choices which are essential to the free society."

It also says without government intervention there would be no genuine competition, only exploitation and monopoly.

The party's commitment to the redistribution of wealth is restated. This is an area in which it got into difficulties in the general election, when it was challenged to say by how much it would raise income tax. Mr Kinnock warned yesterday that if society wanted assets and opportunities, they had to be paid for in one way or another – "nothing is for nothing," he said.

NYSE plans to increase share trading capacity

BY RICHARD LAMBERT IN WASHINGTON

THE NEW YORK Stock Exchange plans to increase its trading capacity to a peak of 600m shares a day by June, and expects to be able to process 1bn shares a day within the next two years.

This is the exchange's response to criticisms of failures in its systems during last October's market crash. Turnover on October 20 jumped to 608m shares, more than three times the average daily volume for the year, bringing the market close to the point of shutting down.

Mr John Phelan, chairman of the NYSE, told the Senate Banking Committee in Washington yesterday that the exchange's performance in October could be compared to a skyscraper in a hurricane. "As long as the building withstands that kind of strain, most people are gratified even if the lights flicker," he said.

Mr Phelan defended the performance of the specialist system, which has also been much criticised since October. Specialists are exchange members charged with maintaining orderly markets in the trading of stocks which have been assigned to them by the exchange authorities.

"The fact is, during the market break of October, the specialist system performed better than any other system across the country or around the world," he said.

However, he agreed that increased volatility and risk in the equity market meant that the specialist system would have to be strengthened. This would be done by increasing the amount of capital in the system, and making it easier for specialists to borrow money to finance their positions.

In addition, the NYSE would be more aggressive in taking stocks from specialists who failed to meet acceptable standards.

Mr Phelan said that one government agency should have the authority to set margin requirements in all equity-type markets, including shares, futures and options, and that clearing systems should be unified to reduce financial risk.

There should also be only one regulator for all equity-related products, rather than the division of responsibility between the Securities and Exchange Commission and the Commodity Futures Trading Commission. Meanwhile, the SEC and the CFTC should as soon as possible set up an advisory committee to work on areas of common concern.

Mr Phelan's testimony came at the end of a week of extensive examination in Washington of shortcomings in the US securities markets exposed by October's setback.

The SEC study on the crash, released on Tuesday, weighed in at 5lb 9.5oz and most of the industry's senior regulators have been testifying before the Senate Committee.

There has been general agreement that the stock, futures and options exchanges have been fused into a single equity market and are regarded as interchangeable by big institutional investors. It has also become clear that changes in trading systems and regulatory structures are needed to take account of this.

It is still uncertain whether

Continued on Back Page

SIB delays introduction of securities dealing rule

BY ALAN CANE

THE SECURITIES and Investments Board yesterday moved to help securities firms struggling to develop computer systems in time to meet key requirements of the Financial Services Act.

It has delayed for five months, to October 1, the date when a firm should have a system able to deal with counterparty risk – one of the most complex sections of the new rule book.

SIB capital adequacy requirements stipulate that firms should have enough capital to provide for potential risks from long-standing unsettled securities transactions.

Data processing specialists in securities firms, who had argued that the timetable would not let them write the necessary programs in time, were pleased by the announcement. Mr Michael Jones, technical director of Capel-Cure Myers, said: "This gives us at least a fighting chance of being ready."

It is understood that the SIB realised the volume of unsettled bargains in the market was so large that firms would be faced immediately with making unacceptably high capital provisions for counterparty risk.

Firms will have evidence of their exposure to bad debt through daily reports from the

Continued on Back Page

WEEKEND FT

THE TRIUMVIRATE

The roles played by Lord Drogheda (above), Sir Gordon Newton and Sidney Henschel in shaping the identity of the FT – now in its centenary year – are examined by David Kynaston

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FINANCE

Make the BES work for you

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COLLECTING

The best of Oriental rugs – in colour

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HOW TO SPEND IT

. . .on your sweet Valentine

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WALKING

A new series on Britain's secret places

Page XIII

SPORT

Can the bookies be beaten?

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CONTENTS

Press birds of passage flock to favourite Jerusalem watering hole

Andrew Whitley watches as 'the hacks' settle in

LIKE so many birds of passage on their annual migration route, the international press corps is settling down again in droves at one of its favourite watering-holes during times of trouble.

On one recent day, 42 out of the 47 rooms currently in service at the 150-year-old American Colony Hotel were occupied by journalists. Mr Hani Shubeita, the front desk manager, was sadly turning away old friends - people such as Bill Tuohy of the Los Angeles Times and John Bulloch of The Independent - who have been coming here regularly since the 1967 Middle East War.

Sitting in the hotel's flower-filled central courtyard during a brief break from the winter rain, the sound of dictation in strange languages to far away newspaper copytakers could be heard distinctly from the surrounding rooms.

While every self-respecting foreign correspondent these days packs a portable computer in his travel kit, the antiquated telephone system in Arab East Jerusalem where the Colony is located is not up to such new-fangled devices.

Such drawbacks are a minor inconvenience which few of "the hacks" - as Mrs Valentine Vester, the 77-year-old Englishwoman whose late husband's family founded the hotel, delights in calling the gentlemen of the press - seem to mind.

In a city of mostly modern, characterless hotels under the thumb of the Jewish Rabbinate, the American Colony has always stood out as a unique haven of old-fashioned elegance, defiantly cocking a snoot at the religious ordinances the other establishments are compelled to observe.

Its origins date back to the late 19th century when a wealthy Chicago family of obscure evangelical Christian beliefs, the Spaffords, saw the light and decided to emigrate to the Holy Land. The American colony they founded just outside the walls of the Old City was a commune dedicated to doing good works for the poor of Jerusalem.

The community eventually broke up between the two World Wars, amid the usual disagreements such enterprises encounter. But the Spaffords' philanthropic link is still maintained today through a children's centre run by Mrs Anna Grace Lind, granddaughter of the founding couple.

As for the present building bearing the American Colony name, this was built in 1840 by an Ottoman pasha as a private residence for himself and his four wives. Each was given one of the domed large courtyard rooms fought over nowadays by the hacks.

A magnificent upstairs reception room where this notable would hold his public audiences serves a contemporary purpose as a regular venue for press conferences on behalf of the Palestinian cause.

The Spaffords took over the premises for their fledgling community in 1890, and 12 years later began to take in paying guests - mostly religious pilgrims - in what remained for many years a somewhat spartan hostel.

The roll call of guests includes all the famous names of British Mandate Palestine - Field Marshal Allenby, T. E. Lawrence and Gertrude Bell were among them - but no complaints book has survived to record whether or not they enjoyed the experience. Only after the Second World War did it gradually transform itself into a luxury hotel.

Mrs Vester herself first came to Palestine as a young woman in 1933 to visit relatives. Pulling out a family photo album, she reflected last week on how little the pattern of daily events appears to have changed in the half century since 1938.

"There were the British being beastly to the Arabs; deporting people, knocking down their houses and so on, just as the Israelis are doing now," she said.

In fact, the hotel, whose 80-strong staff are almost all Palestinian, has been closely associated over the years with the Arab side of the dispute.

Israeli officials tend to frown on guests from abroad who choose to stay at the American Colony, while individual Israelis venturing into the hotel to admire its Armenian tilework and graceful architectural forms often do so with a palpable nervous sense of entering foreign territory.

Apart from being a refuge for those covering the upheavals in the region, the hotel has frequently been at the centre of events. Located on the front line of the formerly divided city, in both the 1948 and 1967 wars, the Colony took a number of direct shell hits, damaging some of its treasures.

The old hotel has been going through a difficult spell lately, what with a building modernisation project taking much longer than anticipated and the slump in group travel which always accompanies periods of unrest.

Italian PM survives key vote on budget

By John Wyles in Rome

THE Italian coalition led by Mr Giovanni Goria last night survived a key budget vote despite attempts to unseat the premier from inside his own Christian Democrat party.

Having cleared last night's crucial hurdle, the government may now have a breathing space of two to three weeks before the five coalition parties decide whether or not to keep it in office. But it has been critically weakened by a succession of defeats over the contents of the 1988 budget and clearly lacks the authority to deal with pressing economic issues as well broader political priorities ranging from the need to regulate the right to strike in the public sector to drafting proposals for institutional and political reform.

Last night's majority in the secret budget vote was just over 50, well below the coalition's paper majority of 124. This suggests that around 40 members of governing parties, almost certainly from the dominant Christian Democrats, votrd with the opposition.

Most of these rebels are anxious for a showdown with the party secretary, Mr Ciriaco De Mita, who is standing for re-election at the Congress at the end of April. Their aim is to force Mr Goria out of office and Mr De Mita into the premiership so as to prevent him winning a fourth term as secretary.

Mr Goria's minimum aim is to see the budget through its exceedingly tortuous passage. The legislation must now return to the Senate for consideration of the many amendments passed by the lower house which then must give its final approval before the end of the month.

Trade deficit up

ITALY'S visible trade deficit tripled last year to reach L11,138bn (£5.104bn), partly because excessively strong domestic demand pushed imports 8.5 per cent higher than those of the previous year, writes John Wyles.

Gunmen kidnap UN workers in Lebanon

BY NORA BOUSTANY IN BEIRUT

HOODED gunmen yesterday kidnapped two UN relief workers from Scandinavia, as the two men were driving back from the southern Lebanese port of Tyre towards Sidon.

This may force an evacuation of international staff of the UN Relief and Works Agency.

Mr Jan Stening, 44, a Swede, and William Jorgensen, 58, a Norwegian, have been working here since last spring as area managers and supervisors for the south Lebanon operations of the agency, which specialises in Palestinian refugee affairs.

The new abduction brings to 27 the number of foreigners missing in Lebanon.

"We are rather baffled by the whole thing," said Nial Kelly, the public information officer for UNWRA, which employs 2,300 people in Lebanon, including 14 foreigners.

The kidnapping took place at Siddiqin, south of Sidon, north of the last Shi'a Amal checkpoint and beyond the first barricade manned by the Sunni Moslem Popular Liberation Army militia.

Militia officials suspected the two were taken in the direction of the Palestinian refugee camp at Ain al Helweh, which is a haven for an amalgam of guerrilla organisations and fledgling Islamic fundamentalists.

UNRWA director Mr Per Hallqvist said he was convinced the abductions were an error. "We expect the mistake to be rectified very soon and that our colleagues will be released safe and well," he said.

"If events prove otherwise, however, we will have no choice but to consider a forced departure of all non-essential international staff from Lebanon as a matter of urgency," he warned.

No group has claimed responsibility for the new abduction, which came 10 days after the kidnapping of a West German national by pro-Iranian extremists, and three days after the mysterious assassination of a French secret agent.

It is not yet clear whether the events are related, a reflection of tensions between Iran and Syria over Lebanon or linked to the trouble in Israeli-occupied Arab territories.

Sara Webb reports from Stockholm: Sweden has sent a representative from its embassy in Damascus to Beirut, to contact UNRWA office. Mr Ingvar Carlsson, the Swedish Prime Minister, said yesterday Sweden would try to pursue the matter through diplomatic channels, and may send a foreign office representative because the Scandinavian country has no embassy in Beirut.

Six or seven Swedes are thought to work with the UN in Lebanon. Swedes have not so far been victims of kidnap attempts, but it seems unlikely that Sweden would make deals for bartering hostages.

A Swedish Foreign Office spokesman said yesterday that he hoped the kidnap was "just a mistake" and that the two men would be released shortly.

Last year, when three Swedish relief workers were kidnapped by the rebel movement Unita in Angola, the Swedes appealed to the US State Department for help.

Jewish settlers in clash at Hebron

By Andrew Whitley in Jerusalem

JEWISH settlers, enraged by the serious injuries two of their number received this week during disturbances in the occupied West Bank, were involved in a violent clash near Hebron yesterday.

At least three Palestinian youths were shot and injured in the incident.

The three were among eight said by Arab doctors to have been hurt during the day in clashes with Israeli troops and settlers. Several of the outbreaks of trouble occurred after demonstrations coinciding with the Friday Moslem prayers.

Soothing remarks about the controversial settlers, made this week by senior army officers and politicians, including Prime Minister, Yitzhak Shamir, are believed aimed primarily at countering their threat to establish vigilante groups to combat local Palestinians.

Tearful Israeli soldiers at the graveside yesterday of Private Eliezer Shefer

Gulf ship attacked

Iranian speedboats moving under cover of darkness ambushed a Panamanian-flag supertanker with rocket propelled grenades yesterday in the southern Gulf, the fourth attack against neutral shipping in six days, AP reports.

Gulf shipping executives said the 163,035-ton Tavistock was sailing empty, to Dubai for repairs to its anchor gear. The crew extinguished a small fire and the ship continued to Dubai.

Moscow criticises Uzbek 'slackness'

BY CHARLES HODGSON IN MOSCOW

A STINGING attack has been made on Communist Party leaders in the Soviet Central Asian republic of Uzbekistan, where it appears that only one third of the working population could be bothered to turn up for work and economic growth is lagging.

The party newspaper *Pravda* reported yesterday that Uzbek leaders had been severely criticised at a recent meeting of the Uzbek party's central committee, for incompetence in failing to break the inertia and stagnation of the republic's economy.

Party leaders were accused of deliberately failing to implement economic reforms introduced by Mr Mikhail Gorbachev, the Soviet party general-secretary, and of turning a blind eye to widespread bribery and corruption.

While the income of the republic was planned to grow at 10.7 per cent over the last two years, it had only increased 1.4 per cent and two thirds of the working population were not at work, *Pravda* said. Although it did not give details, the newspaper indicated that this was through lack of interest rather than shortage of jobs.

It also pointed to the rise of Islam in the largely Moslem republic, which borders on Afghanistan. The newspaper said that 270 young women, including schoolgirls and members of the party youth organisation, the *komsomol*, had burned themselves to death to avoid arranged marriages over the past two years.

The attack is the latest in a series of blows against the leaders in Uzbekistan, long plagued by corruption. The party chief, Mr Inamzhon Usmankhodzhayev, was displaced this year, officially for health reasons. Following the death in 1983 of his predecessor, who was posthumously stripped of his honours for having presided over endemic corruption, a sweeping anti-corruption drive was launched. Thousands of officials have since been sacked or fined, and three men executed for syphoning off an estimated 4bn roubles (£3.77bn) from the republic's key cotton industry.

Speakers at the meeting called for urgent measures to increase labour efficiency, and for family planning education in the republic, where the population was increasing at 3.5 times the national rate. Mistrust of the leaders has sunk so low, *Pravda* said, that one speaker suggested two ordinary workers be elected to the party's top level, normally reserved for bureaucrats.

Palestinian ship doubt

ANDRIANA IERODIACONOU IN ATHENS

THE PLANNED voyage of a number of Palestinians, expelled from the occupied territories to Israel aboard a Greek cruise ship, appeared uncertain yesterday, following a decision by the shipping company not to undertake the contract.

The Palestine Liberation Organisation (PLO) diplomatic representatives in Athens, however, were understood yesterday to be looking for a substitute vessel to charter.

Afroessa Lines, owner of the 18,000-tonne Silver Paloma, gave no reason for its decision to pull out. Israel had asked Greece to prevent the voyage, but it said it could not.

The ship was to have sailed from Piraeus on Tuesday for Haifa, via Cyprus, with a number of expelled Palestinians, accompanied by 400 prominent sympathisers.

Acrimony on Iowa caucus eve

BY STEWART FLEMING IN DES MOINES, IOWA

CLOSER, MORE acrimonious and more confusing: that is the only way to describe the races for both the Democratic and Republican presidential nominations on the eve of the first major test of voters' preferences, the Iowa precinct caucuses which take place on Monday night. The rancour which has been simmering between the two Republican front-runners, Vice President George Bush and Senator Robert Dole erupted on Thursday afternoon far from the Iowa battlefield on the floor of the US Senate in Washington.

During a lull in the debate over aid for the Nicaraguan Contras, Senator Dole berated Mr Bush as he was presiding over the Senate. In full view of the television cameras and other members he pounded the president officer's desk, demanding that Mr Bush apologise for an attack on the Senator and his wife, Mrs Elizabeth Dole, by George Wittgraf, Mr Bush's Iowa campaign manager. Mr Whittgraf had accused Senator Dole of "mean-spiritedness" and "cronyism" and implied that the Senator and his wife had had help from wealthy businessmen when they bought an apartment in Florida.

The Dole campaign has seized on the charge in the hope of forcing an apology from Mr Bush and so demonstrating that he is not in effective control of his senior staff. Mr Dole is trying to turn to his advantage public perceptions that he may be a more effective and forceful leader.

Behind the confrontation however may well lie a realisation by his campaign advisers that Mr Dole needs to respond to signs that the race between the two men in Iowa is getting tighter. Mr Dole needs to win convincingly here in order to improve his prospects in the New Hampshire primary on February 16, where the polls show Mr Bush is way ahead.

A new poll in Iowa has Senator Dole, who was leading the vice president comfortably in this state only a few weeks ago, now with only a 28 per cent to 23 per cent advantage among Republicans who say they will go to the caucuses on Monday night. Moreover yesterday's news from Hawaii that Mr Pat Robertson, the former television evangelist, had swept to victory in the Hawaii caucuses taking over 80 per cent of the vote has reminded the front-runners of just how unpredictable the outcome of caucus events such as Iowa's can be. They are a mixture of elections and political debates.

Mr Robertson, who has been bombarding television sets here with advertisements is now running a strong third in the new poll by Cambridge Reports with 17 per cent of the vote.

What is making all campaign managers, both Democratic and Republican, anxious is the uncertainty about just what these poll findings might mean. This has been underlined this week on the Democratic side. A poll in midweek had Representative Richard Gephardt, the Missouri Congressman, way ahead of all his rivals with 32 per cent of likely Democratic caucus-goers saying they backed him.

That was double the support the poll showed for his two main rivals, Governor Michael Dukakis of Massachusetts and Senator Paul Simon from neighbouring Illinois.

But the new Cambridge Reports poll taken about the same time has the three apparent front-runners neck and neck at 18 per cent for Representative Gephardt, 16 per cent for Governor Dukakis and 15 per cent for Senator Simon.

Kohl presses US on arms cuts

BY DAVID MARSH IN BONN

CHANCELLOR Helmut Kohl of West Germany yesterday spelled out to Mr Frank Carlucci, US Defence Secretary, the Federal Republic's special interest in seeing reduction of conventional and chemical weapons in Europe.

Mr Carlucci was told of Bonn's desire that the West take the initiative in arms control negotiations rather than leave the field to Mr Mikhail Gorbachev, the Soviet leader, according to West German officials.

Mr Carlucci, who met both Mr Kohl and Mr Manfred Woerner, West German Defence Minister, went out of his way yesterday to dampen West German worries about chemical weapons.

The Chancellor repeated Bonn's desire for a speedy accord on a worldwide ban on these weapons.

Worries in West Germany about chemical warfare have been increased by a decision by President Reagan to order production of new binary weapons.

Mr Woerner stated in a radio interview that any new US chemical weapons would not be stationed in the Federal Republic.

US officials said Mr Carlucci tried to counter the effect of a statement by Mr Max Friedersdorf, chief US delegate to the 40-nation Conference on Disarmament at Geneva, who appeared to cast doubt on whether any undertaking on banning chemical weapons would be binding on the next US administration.

In general discussions on disarmament, the Bonn Government stressed the importance of an "integrated concept" to follow the US-Soviet agreement signed in December.

Bonn wants Nato to include in its negotiating strategy short-range nuclear missiles which pose a threat to both East and West Germany.

The West Germans agree with the US and other Nato countries that the Soviet Union must first reduce its superiority in conventional forces, but Bonn is pressing for early talks on shorter-range nuclear weaponry.

US indicts Gen. Noriega on narcotics charges

US FEDERAL prosecutors announced two indictments against Gen. Manuel Antonio Noriega, the Panamanian ruler, yesterday, accusing him of selling his country to drug smugglers and pocketing $4.6m (£2.5m) in narcotics profits, **Reuter reports.**

A federal grand jury in Miami charged Gen. Noriega and 15 others with turning Panama's government into a vast criminal enterprise to help smuggle cocaine from Colombia to the US.

A separate indictment charged Gen. Noriega with conspiring to import more than 1m lbs of marijuana into the US.

Gen. Noriega faces 12 counts of drug smuggling and racketeering under the Miami indictment.

Law-enforcement officials say it is doubtful if Gen. Noriega, the de facto ruler of Panama since 1983, can ever be brought to trial.

"The only way he can be brought to this country is if he is no longer head of the Panamanian Defence Forces," an official said.

The charges carry a maximum penalty of 145 years in prison and $1.5m in fines.

Gen. Noriega, facing a wave of anti-government protests in his homeland, has denied involvement.

E German campaigners freed

BY LESLIE COLITT IN BERLIN

EAST GERMANY released three more imprisoned civil rights campaigners to West Germany yesterday as negotiations continued to allow fellow-detainees who refuse to go to the West to stay in their country.

One of the released East Germans, Mr Ralf Hirsch, applied to leave East Germany although he had previously said he wanted to remain in the East.

The two others, Mr Wolfgang Templin and his wife, were given East German passports valid for a two-year stay in the West. The three were members of the Peace and Human Rights group in East Berlin.

Pastor Rainer Eppelmann of the Samaritan Church in East Berlin to which Mr Hirsch belonged, said: "He signed it in prison, but he signed it."

In West Germany, Mr Hirsch said he signed "under pressure" as the authorities had threatened him with charges of treasonable contacts which could have put him in prison for nine years.

Pastor Eppelmann, who is involved in the delicate negotiations between church and state to gain the release of the civil rights activists, said the "real difficulty" was those who insisted on staying in East Germany among the 16 remaining detainees. But he hoped there would be a solution in "the next few days."

Mr Wolfgang Vogel, a top East Berlin lawyer representing several of the imprisoned civil rights advocates, said he was withdrawing his services for them.

Mr Vogel blamed remarks by the recently-released East German ballad singer Mr Stephan Krawczyk, who charged that he and his wife left East Germany against their will. Mr Vogel said this violated an agreement not to speak to the media.

Some 2,000 East Berliners crowded into the Gethsemane church on Thursday to show their support for the detainees.

The Soviet news agency, Tass, ended speculation that Moscow had disapproved of the nearly 200 arrests in East Berlin because of the widespread attention it was receiving in the West.

Tass called the detained persons "renegades".

Jim Jones and Anthony Robinson examine Pretoria's privatisation plans

Afrikaners take a leaf out of Mrs Thatcher's book

FOR YEARS South Africa's state-controlled industries, especially the railways, post office, iron and steel corporation, Iscor, and electricity supply corporation Eskom, were seen largely as Cobden once saw the 19th century British army – as "a gigantic system of outdoor relief".

The beneficiaries in the South African case were economically deprived Afrikaners whose drive for political power took root in the depressed 1930s when many of today's candidates for privatisation were created.

After winning power in 1948 the now dominant Afrikaners proceeded to look after their own – by the simple device of rigorously applying the rule that state employees must be bilingual, knowing full well that most working class English South Africans did not speak Afrikaans.

Now, 40 years on, President P W Botha is planning to privatise these former political strongholds and turn the South African economy away from Afrikaner socialism towards Thatcher-like private enterprise. It is a politically risky move.

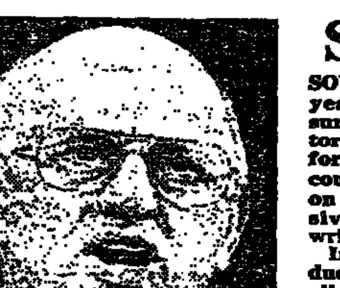
The package of privatisation, tax reforms, subsidy cuts, public sector wage and salary restraint and de-regulation announced by President Botha in Cape Town yesterday has been in the making for several years. Paradoxically, privatisation plans have been spurred by sanctions. They put paid to hopes of capital market liberalisation which would have allowed South Africans to invest abroad. Buying assets from disinvesting foreign companies helped to absorb some of the cash flow of corporate South Africa.

Privatisation now promises to create another outlet for the cash flow of the insurance companies and institutions. The details still have to be worked out and merchant bankers here hope for rich pickings in selecting and preparing the most profitable sectors for sale to the private sector, itself dominated by a few huge industrial, financial and mining corporations which already control 80 per cent of the assets of the Johannesburg Stock Exchange.

At this stage Eskom, whose bonds are widely held both domestically and abroad, is the lead candidate for privatisation via the stock exchange.

Eskom has been quietly preparing for the privatisation of at least part of its generating and distribution interests by cutting staff and re-organising its entire management structure on private enterprise principles. With fixed assets of 28bn rand and revenue last year of R5.85bn it is the biggest of the para-statals – but like most electrical utilities worldwide burdened with debt which last year cost R3.06bn in financial charges.

Iscor, with a turnover of R4bn a year, also recently announced mass layoffs and restructuring in preparation for privatisation. Next in line is likely to be the more profitable parts of the South African Transport Services (SATS) the unwieldy road, rail and air transport conglomerate which also controls the nation's harbours. Over-staffed, despite heavy retrenchments in recent years, its desire to protect railways from road competition has distorted the country's transport pattern and failed, until recently, to adjust to developments like the private black taxi industry. Fast, cheap and sometimes dangerous black taxis have emptied mainline passenger trains but spawned a whole new field of opportunity for black entrepreneurship. Faced with a billion rand loss on passenger traffic last year it belatedly but drastically cut long distance passenger services.



President Botha: tax reforms

S Africa to bring in value added tax

SOUTH African government yesterday bowed to pressures from the private sector and rejected proposals for radical changes to the country's tax system based on a so-called Comprehensive Business Tax (CBT), writes Jim Jones.

Instead it plans to introduce value added tax modelled on the European Community's system. The new VAT system will be introduced by March 1 1989 at the earliest and is intended, in part, to curb widespread evasion of the general sales tax levied on consumers alone.

Last year the government-appointed Margo commission of inquiry into the tax system recommended the introduction of a largely untried CBT based on comparatively low tax rates spread over a significantly broadened tax base. The intention was to restore the country's tax base and to define that base as all revenue generating activities of the business sector. The proposal was strenuously opposed by organised commerce and industry.

In Cape Town yesterday Justice Cecil Margo, the head of the commission of inquiry, said the CBT option had been abandoned after private sector objections to the inclusion of export income in the tax base. He added that tax refunds could have led to objections under Gatt rules. Initial VAT rates have still to be decided, however local economists believe the rate should be lower than the current 12 per cent sales tax.

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Australian workers win pay rise of A$6 a week

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S 7m wage-earners were yesterday awarded an across-the-board pay increase of A$ 6 a week, effective immediately.

The award, which adds another A$ 2bn ($800m) to employers' labour costs, was made by the Arbitration and Conciliation Commission under the country's centralised pay system – a key feature of Australia's economic landscape.

But by not meeting the positions of unions, employers or government, the commission appeared to be asserting its authority and independence.

Its award, equivalent to 1.5 per cent on average weekly earnings of around A$ 400, was 50 cents less than the government said the economy could tolerate, and A$ 1 below the increase sought by the trade unions.

Significantly, the unions, which had complained bitterly at the delay over a decision originally due last October, were also denied a back-dating of the award.

The employers' organisation was spurned too. It had argued that no increase could be justified which was not related to productivity improvements.

Financial markets reacted calmly to the news, and it was welcomed by the Labor government, which despite its deregulatory stance, remains committed to the centralised pay system.

The conservative opposition criticised the outcome, saying it would hurt Australia's competitiveness. The outspoken National Farmers Federation called it inflationary and illogical.

The award was the second increase to be given under the first tier of the country's current two-tier pay policy. The first increase, of A$ 10 or 2.5 per cent on average earnings, was announced last March.

Yesterday's rise had been due in October, but the government sought a delay because of the uncertainty which followed the worldwide share market collapse. Last month the commission itself postponed a decision.

Under the separate second tier of the pay policy, which allows wage increases in exchange for productivity improvements, more than half the workforce is expected to receive an additional 4 per cent wage increase.

The second tier has introduced a much-needed element of flexibility into Australia's wage determination, and is generally felt to have brought worthwhile results by removing inefficiencies.

But it is also clear that both managements and unions have had trouble extracting the benefits, and speculation is now growing that the system will change further, and perhaps even be abandoned, when it comes up for review in May.

Mahathir rejects calls to quit

BY WONG SULONG IN KUALA LUMPUR

DR. MAHATHIR Mohamad, the Malaysian Prime Minister, yesterday rejected calls for his resignation following a court declaration that his ruling United Malays National Organisation was "an illegal society."

The 62-year-old Malaysian leader told a news conference at his office, after urgent talks with his political lieutenants, that he would continue to head the government without a political party for the time being.

He acknowledged that the ruling by the Kuala Lumpur High Court on Thursday had created confusion among the 1.4m UMNO members, but said that as far as he was concerned, he was still prime minister and "the government continues as usual".

He and all UMNO members of parliament had been elected in the general elections as individuals and he still commanded the support in parliament, he added.

Opposition parties and pressure groups have demanded that Dr Mahathir resign. Mr Lee Lam Thye, the acting parliamentary opposition leader and head of the Democratic Action Party, said Dr. Mahathir no longer "had the legal or moral authority to rule".

The high court had ruled that under the Societies Act that UMNO was "an illegal society" because it has 30 unregistered branches. Malaysian lawyers say the rigid provisions in the act were originally intended to curb communist activities in trade unions and societies, but the court declaration has put UMNO and Dr. Mahathir in a fix.

As it is, all party activities are frozen and the party cannot even pay salaries to its staff at its opulent 38-storey headquarters in Kuala Lumpur. UMNO also has extensive business interests and these operations could also be affected.

Dr. Mahathir blamed the current deadlock on "ambitious politicians", whom he said had instigated the court action to "destroy the party".

The prime minister has ruled out an appeal against the high court ruling, but expressed confidence the impasse would be resolved.

Legal authorities say he could get parliament to amend the act to exempt a legal society that has been rendered illegal from being de-registered. However, fresh elections would still have to be held at every level of the party.

Another option is for the two UMNO factions to come to a compromise, which is what most Malaysians would like to see.

Nine rebels die in Sri Lanka ethnic strife

NINE rebels and two soldiers have been killed in ethnic strife in Sri Lanka in the past two days, Reuter reports from Colombo.

Tamil Tigers shot dead five members of the rival People's Liberation Organisation of Tamil Eelam and wounded seven in a clash in the northern Vavuniya district, residents said.

PLOTE later retaliated by killing three youths believed to belong to the Tigers.

The Tigers, who have repudiated a peace pact between Sri Lanka and India to end the ethnic strife, have been attacking members of rival groups that accepted the accord.

A Tiger fighter and an Indian soldier were killed in a clash at Karadipavai in the east yesterday, an Indian official said.

A Sri Lankan soldier was also killed when a rebel sniper fired at an army camp in north-western Mannar.

Manila arrests seen as rebel war breakthrough

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino yesterday greeted the arrest in Manila this week of 20 officials from the banned Communist Party of the Philippines as a major breakthrough in the 19-year-long insurgency.

At least five top officials were arrested, including two members of the party's policy-making central committee, in raids which General Renato de Villa, armed forces chief of staff, said had "broken the communist communication nerve centre" in Manila.

President Aquino heaped praise on Gen. De Villa, who was only promoted to chief of staff last month, saying the arrests should answer critics that her government had no counter-insurgency programme.

The raids on seven so-called "safe houses" have made by far the biggest dent in the Communist Party's policy-making machine since Mrs Aquino came to power two years ago. The military also seized medicines and surgical equipment from two rebel hospitals in Manila, along with communications equipment.

None of those captured are believed to be critical to the party in terms of charisma or knowledge, and a well-developed cadre system will provide replacements relatively rapidly. But the arrests are likely to slow policy making and communication with the Communist Party's armed wing, the New People's Army.

The arrests come at a time when casualties appear to be rising on both sides, with the NPA guerrillas becoming more daring, and attacking in larger numbers. On Thursday, 150 rebels attacked a military outpost in Quezon and killed two policemen, carrying away arms and looting the town hall.

Diplomats have criticised the way the government is conducting the anti-insurgency campaign.

Asians call for fair play on umpires

Mervyn de Silva in Colombo examines cricket's big controversy

AN INITIATIVE to open at the highest level the vexed matter of neutral umpires has been submitted to the International Cricket Conference, which is to meet at Lord's in London in July, by Mr Gamini Dissanayake, Sri Lanka's Cricket Board President and chairman last year of the Asian Cricket Conference.

He declined to disclose details but said: "I have impressed on the ICC that the matter should be thrashed out fully in July and a final decision taken at that meeting.

What has stung, and united the huge number of south Asian cricket enthusiasts, is the strong suggestion elsewhere in the world of cricket that umpires in the region are, at least, a bunch of zealots who carry a misplaced patriotism beyond the call of duty.

"The idea of neutral umpires is not a new one. We have used English umpire Dickie Bird at the Asian Cup Games, and the services of West Indian umpires were freely available," Mr Dissanayake said.

Asked what the ICC could do in practical terms, Mr Dissanayake said: "The ICC could sign the contracts so that the host country and the neutral umpire would not be the contracting parties, which is something of an embarrassment now." The acrimony left by the recent umpiring row during the England-Pakistan test series could damage both the game and relations between cricket-playing countries, he added.

South Asian pride has been deeply hurt, judging by indignant letters and articles in the press in India, Pakistan, Sri Lanka and Bangladesh.

South Asians regard cricket as too serious to be left to the players or the umpires. Responsibility for controlling the game has been given to generals or cabinet ministers, who apply their high-level network of contacts and negotiating expertise in the arena of cricket politics.

Mr Dissanayake, a senior minister, prepared the ground for the India-Sri Lanka peace accord with Mr N. Salve, the Indian minister who was his counterpart as Cricket Board president.

"Cricket in south Asia is a genuinely popular sport and passion, which is not true of cricket in England," said Mr Sathi Coomarasawamy, a former Sri Lankan captain. "It is our national game, as it is in India and Pakistan. The hot passions connected with cricket have little to do with the climate."

However, Mr Gajan Pathmanathan, who has a cricket blue from both Oxford and Cambridge, admitted that English umpires are the most experienced – and the best.

Cricket is a crowd-puller and a money-spinner, and the pressure on players and umpires is too demanding, Mr Dissanayake said. Players play too much cricket, and part-time umpires collect more than a month's salary from a big match.

The "hot passions" theory is nonsense, observed a sports writer here, who quoted Mr Gamini Goonesena, the only Sri Lankan to play first-class cricket in England and Australia. The critical words England captain Mike Gatting used to a Pakistani umpire were of a kind that would have provoked a riot anywhere in the sub-continent, he declared.

While Mrs Margaret Thatcher has won new fans for her own decision not to allow the Gatting affair to spoil UK-Pakistani relations, gentle reminders are voiced in south Asia that all this international cricket controversy started in the 1930s with the bodyline bowling row between England and Australia.

It is mooted wherever cricket fanatics gather in south Asian capitals that the Pakistani umpire who declined to apologise to Gatting late last year was responding to conduct by English umpire David Constant's conduct during the Pakistani tour of England earlier last year, and that what used to be the empire, as well as the umpire, had decided it was time to strike back.

Ian Rodger assesses a new sensitivity to holidays and leisure

Japan starts to count its time off

UNTIL RECENTLY, the only league tables of Japanese companies that mattered were those that showed the size of companies' sales, their sales growth rates and their market shares.

In the Japanese view, these were the figures that showed which companies were doing best in the country's single-minded drive to become a world economic power. That goal has now been largely achieved, and the Japanese are beginning to recognise that their preoccupation with growth has also produced some unpleasant negative consequences, such as sour relations with trade partners and the dramatic rise in the yen's value.

In this context, analysts have noticed that the focus of league tables that appear in Japanese government reports and newspapers has begun to change, with more attention being paid to profitability and other measures of performance and less to size.

One new league table about to appear is even more radical. It will measure Japanese companies on their provision of holidays and normal time off to employees. The idea, according to Mr Iwao Nakatani, Professor of Economics at Osaka University, is to try to undermine the powerful social forces within Japanese companies which make people work long hours and take few holidays. He heads a committee of the Leisure Development Centre (LDC), a non-profit organisation, that has undertaken a survey of 2,000 companies with a view to producing the league table.

The LDC hopes that the table will influence university graduates when they are considering which company to join. That would put pressure on companies, which compete ferociously for top graduates, to change their ways. The Ministry of International Trade and Industry (MITI), which is vigorously promoting this sort of change, has helped sponsor the project.

Mr Nakatani says excessive working has been an inherent factor in the Japanese industrial system for two reasons. Under the lifetime employment system, competition among peers for promotion is severe, and so all work very hard. Also, the predominance of company unions, as opposed to trade or professional unions, in Japan means that the unions tend to seek to maximise employees' income over the long term. They have found that the way to do that has been to agree that everyone work harder.

In 1985, the average Japanese production worker put in 2,168 hours, roughly an eighth more than the average US or UK worker and a third more than the average West German worker. The average Japanese also worked 42 per cent more overtime hours than his or her UK equivalent. "Japanese workers are now demanding more leisure but there is no mechanism for pushing for it," Mr Nakatani says. "So, if we can succeed in making information available in an interesting way, then it may set up another kind of competition among companies to attract graduates."

The questionnaire for the survey is very revealing about the kinds of problems that exist. It seeks responses not only on how many holidays employees are entitled to, but also on what proportion of the holidays are actually taken and whether there is any flexibility in the times that people can take their holidays. Few Japanese take all their holidays and most are forced to take them at the new year and in August, causing nightmarish crowding on highways and at resort areas.

It also asks how much time the chief executive takes off, knowing that he sets the example that others follow. It seeks to find out how much overtime is worked and how much of a premium the company pays for it (typically 25 per cent). The results will be published next month and a league table established.

Mr Nakatani sees this project as only "a first step" to encourage discussion about leisure time. He says more legal action may also be necessary. Last year, the Government passed a law to reduce the legal working week from 48 to 40 hours over a period of four years, but there may be a need to set more mandatory holidays and higher premiums for overtime and holiday working, he says.

Lange power play causes uncertainty in markets

BY OUR WELLINGTON CORRESPONDENT

THE POWER PLAY between Mr David Lange, Prime Minister of New Zealand, and Mr Roger Douglas, his finance minister, is turning into a major political crisis causing increasing uncertainties in the financial markets.

The difficulties were exacerbated yesterday when Mr Trevor de Cleene, revenue minister, was reported to have accused the country's commercial banks of "usury" by maintaining unnecessarily high interest rates, to try to recover losses from the stock market crash.

For the past four years, Mr Lange has strongly backed Mr Douglas, ensuring that a reluctant Labour Party accepted free market economic measures opposed to its traditional doctrine.

This partnership collapsed on January 29 when Mr Lange postponed a tax reform package planned for October 1. It was clear the Prime Minister had developed doubts about some aspects, particularly the social equity of a proposed flat rate of tax which would have been struck at 23 per cent. Mr Lange's announcement caused Mr Douglas to cut short a European tour and dash home.

Since then, there has been a Cabinet showdown in which Mr Lange was reportedly "given a rocket" by his colleagues for lack of consultation.

Mr Lange have been issuing statements and counter-statements about the affair, but most significantly there is no longer any mention of when the tax package might be introduced, an omission causing considerable worry to the markets.

The row has led to further sharp falls in the share market which is now some 49 per cent below its 1987 peak, rises in interest rates which had been dropping since the package was announced, and concern about the outlook for the dollar which traded quietly at around 67 US cents yesterday.

The New Zealand economy is entering a steep recessionary phase in the wake of the share market crash, with sharply rising unemployment. Mr Douglas had rushed his December package in a now-abortive bid to bolster business confidence.

Thai troops kill 200 Lao soldiers in border clash

THAI forces fighting to recapture border hills have killed 200 Laotian soldiers and wounded another 200, the Thai army commander, General Chavalit Yongchaiyudh, said yesterday, Reuter reports.

General Chavalit said Thai losses were one third or a quarter those of Laos but gave no other details of casualties suffered since August in clashes on rugged terrain 250 miles from Bangkok.

Thai artillery had knocked out several Laotian artillery pieces and some armoured vehicles, the general told reporters in northern Thailand, after talking to officers at the front.

Army officers in Bangkok said fighter-bombers and artillery pounded fortified Lao positions yesterday on top of Hill 1428. Thai troops secured two other hills in the disputed border area in a renewed offensive this week.

Gen. Chavalit said yesterday's action was less intense than Thursday's, which saw heavy artillery exchanges and the downing of a Thai jet fighter by a missile.

Vientiane's KPL news agency, monitored in Bangkok, said Laotian troops beat back the Thai attacks, inflicting heavy losses.

The six-month fight to control a 30 sq mile area claimed by both sides is now focused on a single hill. The Thai advance has been pinned down by withering artillery fire from Laos on the only approach route.

Gen. Chavalit said only 50-70 Lao troops were on the hill but would be difficult to oust because they were dug in on high ground laced with landmines and backed by artillery. A Western military attache described the terrain as "incredibly rugged."

Thailand and Laos each cite a 1907 map drawn up by the French colonists of Laos as the basis for their claims.

Prime Minister Prem Tinsulanonda told reporters yesterday that he was certain Thailand would have full control of the disputed area in two or three days.

He did not intend to retaliate by closing the entire 1,000-mile border with tiny landlocked Laos, but Radio Thailand said that border traffic had been banned in a province adjacent to the battle area.

W Midlands independent radio stations to merge

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

THE TWO biggest commercial radio stations in the West Midlands, Birmingham's BRMB Radio and Coventry's Mercia Sound, yesterday disclosed plans to merge.

If the two companies' shareholders and the Independent Broadcasting Authority agree, a new company called Midland Radio Holdings will be formed with the two existing companies as subsidiaries.

BRMB and Mercia will continue to offer separate programming for their respective communities, but the merged company will be able to offer a much larger pooled audience to potential advertisers.

BRMB said yesterday that the combined area of the two stations had a population of more than 3.25m people and the region was prospering more quickly than any other outside London.

The merger has been prompted by the reorganisation of independent radio announced by Mr Douglas Hurd, the Home Secretary, last month.

Mr Hurd's proposals, first set out in a green paper in February 1987 and due to be incorporated into the Broadcasting Bill this autumn, will mean the introduction of three new national wavelengths for commercial radio stations.

They will also pave the way for hundreds of community radio stations to be set up.

Mr Stuart Linnell, managing director of Mercia Sound, said there was a danger that the advertising revenue of medium-sized radio stations would be squeezed under the new regime, but he believed the merged group would be in a position to profit from new opportunities.

He considered that a company the size of Midland Radio would be well placed to bid for participation in a consortium running one of the new national radio stations.

The Midlands merger is the second to follow the green paper on local radio.

A merger proposed last autumn between Radio 210 in Reading and Two Counties Radio of Bournemouth is still forthcoming, and others are thought to be under consideration.

BRMB is proposing to issue one new BRMB share for every two of Mercia's 610,000 shares, with a cash alternative of 180p a share.

Imports rise as commercial vehicle sales grow strongly

BY JOHN GRIFFITHS

THE UK commercial vehicle market has started the year with strong sales growth in all sectors, from light vans to heavy trucks.

Statistics from the Society of Motor Manufacturers and Traders show that total registrations, at 28,880, were 14.38 per cent higher last month than in January last year.

However, the share of the market taken by imports also rose markedly, to 39 per cent from 35.9 per cent.

Registrations of trucks of 3.5 tonnes gross weight and above jumped 24.47 per cent to 5,356 from 4,303, with Iveco Ford moving ahead of close rival Leyland Daf in the battle for market leadership. Iveco Ford registrations totalled 1,197 against Leyland Daf's 1,036. Although the market grew, the number of British-produced Leyland trucks registered fell to 734 from 761 in January last year. Registrations of Daf trucks rose to 302 from 217.

In percentage terms, by far the largest growth was in the bus and coach sector. There, registrations nearly doubled compared with a year ago. In unit terms, however, the figure reached only 207, confirming that there are only the barest signs of recovery from the sector's worst post-war recession.

Registrations of light vans, comprising microvans and those derived from cars, were up 12.03 per cent at 9,516, and those of medium vans – of between 1,801 kgs and 3,500 kgs – up 10.15 per cent at 12,077.

The utility four-wheel-drive sector saw strong growth, with registrations up 24 per cent at 1,727.

Call to limit job creation in Guernsey

By Ivor Owen

GUERNSEY should introduce a Regulation of Undertakings and Development Law, similar to that in force in Jersey since 1973, according to a report published yesterday by a parliamentary committee studying ways of controlling the growth of the island's population.

Guernsey's Advisory and Finance Committee has already proposed a system of employment controls, but has resisted pressure for legislation to regulate the setting up or expansion of businesses, which it believes would harm the fastest-growing sector of the economy, the finance industry.

The population committee report supports the proposal to bring in employment controls, but thinks that should be combined with measures to limit the creation of jobs through regulation of undertakings. It also recommends the introduction of an annually updated register giving details of all island residents.

The report will be considered by local MPs in May when the issue of immigration control will be debated.

Welsh moulding concern to open Scottish plant

BY ANTHONY MORETON, WELSH CORRESPONDENT

PLASTIC ENGINEERS, the south Wales concern that was bought by its management nine months ago with help from Investors in Industry (3i), is to expand in Scotland.

The company, which makes injection-moulded casings for consumer goods such as television sets and telephone handsets, is putting £1.75m into a new company at Beith, south-west of Glasgow.

It will employ 30 people and should be ready to start operations in March.

Plastic Engineers (Scotland) will be equipped with quick mould change facilities and demoulding robots.

Mr Ted Clifforth, chairman, who led the £1m buy-out from Birmid Qualcast, said 3i was again helping the company, as was the Scottish Development Agency.

He said demand was growing. "We decided for strategic reasons to put the new plant in Scotland, near many of our customers."

Since the buy-out, Plastic Engineers has spent more than £2.2m on expansion.

House building trend up

BY RALPH ATKINS

THE NUMBER of new houses started by builders fell in the fourth quarter of 1987, but the long-running trend is still firmly upwards.

Provisional figures from the Department of Environment show that construction on 12,400 houses began in December, pushing the total for the fourth quarter to 49,100, compared with 60,800 in the previous three months.

The department said the drop was due mainly to seasonal factors and nothing in the figures indicated that buoyancy in house building was abating.

Standard Chartered to close branches

By David Lascelles, Banking Editor

STANDARD CHARTERED, the London-based international bank, plans to rationalise its UK branch network and corporate lending business, to try to cut costs and increase efficiency.

The changes, announced to senior staff yesterday, will mean the closure of six of Standard's 25 bank branches in the UK and the loss of a number of jobs.

Standard said it was impossible to say how many jobs would be lost, but the Banking, Insurance and Finance Union, which represents banking employees, said about 260 employees were affected – 67 in branches and 200 elsewhere in the bank.

The branches due for closure from April 30 are in Cardiff, Dundee, Hull, Middlesbrough, Sheffield and Stoke. However, clients, who are mostly corporate, will continue to be served from back offices in the same locations.

Standard will reorganise corporate and trade finance activities in the UK along market rather than geographical lines. The bank described the moves as "a positive attempt to put Standard Chartered business on the right footing."

Mr David Burton, assistant secretary of Bifu, who handles relations with international banks, said he planned a meeting with Standard Chartered management on Tuesday to try to minimise job losses.

He deplored Standard's decision to announce the changes before staff representatives had been consulted.

The changes result from a far-reaching review of Standard's UK operations by Mr Ian Paterson, a former senior executive of Midland Bank, who joined Standard last August as director in charge of UK banking.

Standard is under pressure to improve performance after having to make big provisions against doubtful loans to Third World countries. Last week, it sold a subsidiary in Arizona, and further disposals are expected.

Broker to leave gilts market

By Simon Holberton

TULLETT and Tokyo, the currencies and financial instruments broker, yesterday pulled out of the gilt-edged securities market as an inter-dealer broker.

Tullet and Tokyo's departure from the gilts market is the first case of an inter-dealer broker leaving the market. At the time of Big Bang, it was one the six brokers approved by the Bank of England to deal with authorised primary gilt market makers.

The withdrawal of the company is indicative of the difficulties facing companies trading in financial instruments.

Mr Peter Doney, managing director, said Tullet and Tokyo Gilts had been struggling to improve its market share since Big Bang in October 1986. Turnover in the gilts market has been low and there is little expectation of it picking up in the short term.

"With gilts in the doldrums and no sign of an improvement, we have taken a commercial decision to withdraw and devote our resources to other areas," Mr Doney said.

He said the 21 staff working for the gilts subsidiary would be offered jobs in other areas of the company. Tullet and Tokyo is an active broker in foreign exchange, the money markets, shares and financial futures.

Max Wilkinson on Lord Marshall's battle to preserve the CEGB

Outmanoeuvred in the power game

Lord Marshall: found scientific arguments were not enough

THE CENTRAL Electricity Generating Board must be asking this weekend if Lord Marshall, its chairman, wasted a winning hand in taking a few early tricks against the Government.

Senior members of the board were shocked to learn on Thursday that Lord Marshall had lost most of the crucial points in the battle to preserve the CEGB's identity when it is privatised in a few years' time.

The bad news was given to Lord Marshall in a hasty telephone call during the regular board meeting on Wednesday, after it was learned that details were likely to appear in the Financial Times the next day.

The board then discovered that ministers had rejected Lord Marshall's argument that the national transmission grid could not be separated from the power stations, that the Government planned to transfer the crucial obligation to keep the lights burning to area distribution companies, and that 30 per cent of power stations were to be hived off.

By any standards, that represents a resounding defeat for the board, which will lose its present dominance of the industry and become just one of several suppliers of power, albeit much the largest.

It will also be seen as a personal defeat for Lord Marshall, who conducted most of the negotiations in semi-privacy with Mr Cecil Parkinson, the Energy Secretary.

Although nobody doubts Lord Marshall's heavyweight intellectual abilities, especially on scientific matters, it was always a question whether those would be a match for Mr Parkinson's nimbler political footwork.

Lord Marshall, who is 55 and a mathematician with a lifelong dedication to the cause of nuclear power, has never seemed able to shake himself entirely free from the scientist's belief that rational argument must prevail in the end – even in politics.

His forthright arguments in favour of pressurised water reactors earned him the sack from his job as chief scientific adviser to the Department of Energy in 1977, when Mr Tony Benn was Secretary of State.

More recently, he has denied that proof exists of a link between British power station emissions and the death of fish in Norwegian lakes, with far more vigour than seemed politically prudent. The board has since made a partial recantation by agreeing to clean up smoke emissions.

When asked once to explain the problem of nuclear waste to a journalist he replied: "There is no problem, absolutely no problem at all" – as if the serious protests being mounted on the subject were beneath or beyond a scientist's notice.

Lord Marshall combines his austere scientific view of the world with a physical bulk and authority that distract many people from his highly individual Welsh sense of humour.

That humour, which makes him an excellent after-dinner speaker and delightful company, can work to his disadvantage when it is seen as evidence that he is not taking a conversation seriously.

At one of the first meetings with the Electricity Consumers' Council, Lord Marshall spent half the time indulging his hobby of origami – Japanese paper folding. When he came to speak, he put the folded paper to his lips blew hard and lo! there was a bullfrog.

In his long meetings with Mr Parkinson he surprised civil servants by taking copious notes throughout the sessions, much more like an earnest student than the chairman of a £27bn enterprise fighting for its life.

In the early meetings, the two men got on extremely well. Walter, as the industry calls him, had made great efforts to master the technical details of the grid and other important parts of the industry and would illustrate his points with free-hand coloured graphs and diagrams.

Everyone says that Lord Marshall is a superb teacher, and Cecil Parkinson, who started in grade D only last summer, proved a fast learner. However, by the autumn, one insider was saying: "The reason relations are so good is that Walter has not realised yet what Cecil is going to do to him."

It seems that Mr Parkinson had quickly acknowledged that the controllers of the national grid must continue to run the electricity industry, but had quietly reserved his position on who should own the controllers.

He also seems to have spent a large amount of time reassuring Lord Marshall that his scheme would do nothing to injure the prospects for developing nuclear power. The CEGB believed that that was the keystone of its case for being privatised more or less intact. So the more Mr Parkinson emphasised the Government's commitment to nuclear power, and the constraints that that put on him, the more cheerful Lord Marshall appeared, although he confided in few colleagues.

Mr Parkinson has had to calculate exactly how far he could push Lord Marshall without causing an explosion of wrath that would wreck his break-up plans. So he had to trade the scientist's visionary view of a nuclear-powered future against his much weaker loyalty to the CEGB's corporate integrity.

Lord Marshall was moved to the CEGB by Mrs Thatcher from the chairmanship of the UK Atomic Energy Authority, and has been considered rather an outsider by the electricity men. His peerage for keeping the lights on during the miners' strike in 1974-75 was resented by some who thought the credit was due more to the experienced industry technocrats.

Mr Parkinson doubtless took that into account when he decided to negotiate almost entirely with the chairman. And he must now calculate that a little public anguish from the CEGB will do him a lot of good with those backbenchers who wanted the CEGB to be chopped into even smaller pieces.

The endgame has yet to be played. Perhaps Lord Marshall has a trump up his sleeve, but the industry doubts it. His warnings to MPs at a series of banquets that the Parkinson plan would increase the risk of blackouts is unlikely to change the balance. But even were the arguments as good as the dinners, the theoretical blackouts must seem a long way off. Mr Parkinson thinks so, too.

Power plant site proposal draws protests

BY MAURICE SAMUELSON

LOCAL authorities in Hampshire and the New Forest have been advised to fight the electricity industry's plan for a coal-fired power station on the coast at Fawley, near Southampton.

Hampshire County Council and New Forest District Council said in a joint statement that despite six months of meetings with the Central Electricity Generating Board, councillors were not yet convinced that national energy requirements demanded a station in the sensitive location between the New Forest and the Solent.

"Both are nationally and internationally important for their landscape, their wildlife and for recreation. Fawley is the wrong place for a coal-fired power station."

The statement coincided with the CEGB's application to Energy Secretary Mr Cecil Parkinson for permission to build two 1,800-megawatt coal-fired stations at Fawley and at West Burton, on the River Trent. Both would be built close to existing power stations. Fawley is already the site of an oil-fired plant and the Esso refinery, and West Burton has a 2,000 MW coal-burner.

The plan for a plant at West Burton, which would increase demand for locally produced coal, will not be challenged. But because of the disquiet at Fawley, the CEGB is already looking at an alternative site at Kingsnorth, Kent, to meet its need for additional generating capacity in southern England.

Councillor John Coles, chairman of the New Forest and County Council Joint Member Working Party, said the Fawley power station would be "totally alien" to the region and its "tentacles" would cause difficulties for thousands of local people.

A final decision on whether to demand a planning inquiry is likely to be made in the next few weeks.

The CEGB is already heading for a public inquiry over its plan to build its second PWR nuclear power station at Hinkley Point, because of objections by Somerset County Council.

However, new rules, which came into force last month, are designed to ensure that inquiries on new power stations will not be as protracted as the marathon hearing on Britain's first PWR at Sizewell, Suffolk.

Lotus names subsidiary head

BY ALAN CANE

LOTUS DEVELOPMENT, one of the world's largest independent microcomputer software suppliers, has appointed Mr Paul Bailey managing director of its UK subsidiary in Windsor, Berkshire.

Mr Bailey, 39, joins from Digital Research (DRI), another US-based software vendor, where he has been director of European operations for the past six years.

Digital Research made its reputation when its operating program CP/M first made it practicable for microcomputers to be used for business data processing.

However, International Business Machines chose operating software from Microsoft, a rival software house, for its market-leading personal computers.

Today, Microsoft's world revenues are more than $340m (£192.9m); DRI's, a privately held company, are estimated at just over $30m. But Mr Bailey is credited with having built up DRI's European presence from nothing in 1982 to 44 per cent of its operations.

Lotus revenues were $390m last year and Mr Bailey replaces Mr Floyd Bradley.

DRI's European operations will be run by Mr Dieter Giesbrecht, formerly managing director of DRI's West German company.

Expanding design group names director

By Andrew Hill

MR PHILIP LING, the industrial entrepreneur, has been appointed a non-executive director of Fitch & Company Design Consultants.

His appointment is part of the board's restructuring to allow the company to expand in the UK and abroad. Mr Ian Cochrane, group managing director, said the company hoped to become the first international design business.

Last year Mr Ling helped form Haden MacLellan Holdings, where he is chairman.

Security consultant denies bugging

FINANCIAL TIMES REPORTER

A SECURITY consultant accused of ordering the illegal bugging of a director's home telephone told a court yesterday his business had been ruined by allegations that had appeared in a newspaper.

Mr Michael Anderson, 43, managing director of Cornhill Management Consultants, has pleaded not guilty at Luton Crown Court to a charge of conspiring to intercept telephone calls between July 1 1986 and November 15 1986.

He said that a newspaper report had alleged that he and two other men had bugged Woolworth, the high street retailer.

Mr Anderson said: "My professional life was in ruins. I would not think of doing anything like that."

The jury has been told that two men hired by Mr Anderson, Mr Terry Rowe and Mr Terrence Franklin Rowe, have pleaded guilty to the same charge.

The allegations of industrial espionage came after a bug was found connected to the telephone line of Mr Peter Hopper, a buying director of Comet, the Woolworth Holding's subsidiary.

Mr Anderson has agreed that he was hired by Dixons, the electrical retailers, to investigate staff who left the group in 1986 to join Comet.

However, he has denied ever breaking the law.

The case continues.

Court rejects benefits plea

AN ATTEMPT to force the Government to employ more staff to cope with supplementary benefits delays failed in the High Court yesterday.

Mr Justice Schiemann ruled that parliament had not expressly imposed a duty on Mr John Moore, Social Services Secretary, to appoint enough adjudication officers to deal rapidly with claims.

The ruling was a defeat for a coalition of charities, advice groups and local authorities which applied for a judicial review because, they said, of hardship and distress being caused by late payments.

What a Wizard shopping wheeze

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

KING WIZ and his Royal Courtiers - including Captain Swashbuckle and Whimsy the Dragon - are set to bemuse shoppers at the MetroCentre shopping complex in Gateshead, just outside Newcastle.

The fantasy characters are part of Europe's first indoor theme park - based on the "Enchanted Land of King Wiz" - which opens this month at the shopping centre.

The theme park, called MetroLand, is a £11m development spread over 70,000 sq ft of the first floor of the shopping centre. This combination of fantasy theme park and shopping centre is the first of its kind in the UK, although based on similar developments in the US and Canada.

It illustrates that retailing in the UK is developing into an important leisure activity for many people. A recent survey published by Mintel market research company on British lifestyles, for example, disclosed that more than two-thirds of adults found shopping an enjoyable use of their leisure time.

The MetroLand theme park has been designed and built by the Canadian company Forrec International. Forrec is a leading designer and operator of theme parks and was responsible for the 400,000 sq ft park at West Edmonton Mall in Edmonton, Alberta, and the 45,000 sq ft indoor children's theme park in Woodbine shopping centre near Toronto.

The aim of MetroLand is to lure families into the shopping centre via the theme park, although the Church Commissioners - who own the centre - are well aware that it is still something of a gamble.

If the theme park is too successful, for example, it might keep people away from the shops. The West Edmonton leisure facilities are seen as a bigger attraction than the shopping centre itself - especially the "white-knuckle" rides which appear to defy gravity.

At the Woodbine development, the theme park had problems because it was aimed at younger children, which made it unpopular with teenagers. MetroLand theme park, therefore, draws heavily on the Disney experience of popular characters and a high level of service and cleanliness. But it also includes roller coasters and dodgems intended for older children and adults.

"We are trying to strike a balance between making the park a major attraction but not so popular that consumers don't want to buy things as well," admits Mr Peter Sutcliffe, of Chesterton chartered surveyors, which acts as managing agent for the whole MetroCentre.

Already the imminent opening of the theme park is arousing considerable interest among shoppers at the complex. But Mr Sutcliffe admits that there is still a degree of uncertainty about the success of the project.

He observes: "There is nothing else like it in Europe, so we are pioneering the way, and that always includes some risks."

Today named paper of year

TODAY has been named newspaper of the year in the annual press awards by Granada Television's What the Papers Say programme. It was said to have survived and prospered, after being close to catastrophe, "without resorting to bottom-of-the-market tactics."

Other awards were: Terry Coleman of The Guardian (journalist of the year); Duncan Campbell (investigative journalist); Alun John, picture editor of The Independent (Gerald Barry award); Julie Flint, The Guardian (foreign reporter).

UK NEWS EMPLOYMENT

US electronics company to build Scottish plant

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

LASA, a US company which is pioneering a new technology for making integrated circuits, is to establish a plant at Livingston in West Lothian, Scotland.

It plans to invest £8m by 1993 and hopes to employ more than 100 people.

Lasa, which was formed in San Jose, California, in 1985, has invented a system that uses lasers to make prototype integrated circuits for clients who require customised applications.

By using lasers to "write" the circuit on to the silicon chip, instead of employing more traditional semiconductor techniques, prototypes for integrated circuit designs can be manufactured in hours, rather than up to a month.

The company, which has a one-year backlog of orders in the US, chose Livingston as its base to supply the European market after a two-year examination of European locations.

Mr Daniel Dooley, Lasa's president and chief executive, said Livingston had been chosen partly because it had an electronics industry infrastructure. Lasa could take on technicians skilled in all its main areas of manufacturing, including mechanics, lasers, optics, electronics, processing and software engineering.

The company expects to begin manufacture in April from a temporary plant and will move into a new 25,000 sq ft facility by the end of the year.

It plans to establish a research and development organisation in Scotland to develop new products in conjunction with the parent company.

Mr Dooley said Lasa was forming strategic partnerships with semiconductor manufacturers.

He said the company had been founded with financing of more than $20m (£11.3m), of which 96 per cent had been raised in Europe, mainly from individual entrepreneurs committed to Lasa technology.

Use of car seatbelts urged for children

BY IVOR OWEN

PARENTS with cars already fitted with rear-seat safety belts were urged yesterday to ensure that they are used to protect child passengers.

Mr Peter Bottomley, Under Secretary for Transport, supported a private member's bill in the Commons seeking to make it an offence for children under 14 to be carried in such a vehicle without the seatbelts being used. The bill is being sponsored by Mr Steven Day, Conservative MP for Cheadle.

Mr Bottomley gave an undertaking that if the bill became law, exemptions would be made to take account of "school runs" – when parents transport several children in the family car – and large families.

He emphasised that since 1980, between 60 and 91 children had died as a result of travelling unrestrained in the back of cars involved in accidents.

Mr Bottomley emphasised that the bill aimed to secure the wider use of rear seatbelts by children, but did not require existing cars to have them fitted. He envisaged that it would be four or five years before consideration was given to a similar measure applying to adults.

The Motor Vehicles (Wearing of Rear Seat Belts by Children) Bill was given an unopposed second reading.

● The private member's measure seeking to provide a right of reply for members of the public subjected to misreporting or misrepresentation by the media failed to secure a second reading in the Commons yesterday.

The Unfair Reporting and Right of Reply Bill, sponsored by Mrs Ann Clwyd (Lab Cynon Valley) with cross-party support, now has little chance of making further progress.

Mortgage group to be formed

By David Barchard

MORE THAN 40 banks and mortgage-lending companies are to set up an Association of Mortgage Lenders this month.

The body is due to be launched at a meeting in London on February 17, chaired by Mr Richard Lacy, chief executive of the National Home Loans Corporation.

Representatives of the four leading clearing banks and other non-traditional providers of mortgages such as the mortgage corporations will attend. The building societies are not expected to join the association, however.

Moves to set up the organisation follow a steady growth in the market share of banks and mortage-lending companies. That rose to 54 per cent in the third quarter of last year, pushing the building societies into a minority market share.

NUM ends legal action against Scargill

By Raymond Hughes, Law Courts Correspondent

THE National Union of Mineworkers has dropped its breach of trust damages action against its president, Mr Arthur Scargill, and other leading officials of the union.

The action, to recover expenses and losses incurred by the union as a result of the transfer abroad of £8.5m of its funds during the 1984-85 pit strike, was started in September 1985 by Mr Michael Arnold, a City chartered accountant appointed by the High Court as receiver of the union.

He sued Mr Scargill, Mr Mick McGahey, then the NUM vice-president, and Mr Peter Heathfield, its general secretary – the union's former trustees – three other union officers and seven banks. All were alleged to have been involved in the funds' transfer.

Yesterday the court was told that £1.4m had been recovered from the banks and that it would not be cost-effective to pursue the action against the individuals, who, like the banks, would be paying their own legal costs.

The total loss suffered by the union was about £2m but, for technical legal reasons, not all of that would have been recoverable in the action. The court was told that the £1.4m represented a very substantial proportion of the recoverable amount.

The losses included a £200,000 contempt of court fine.

During the 12-month strike the £8.5m was shuffled between banks in the Isle of Man, Dublin, New York, Jersey, Switzerland and Luxembourg. The object was to try to keep it out of the English courts' reach and so frustrate sequestration attempts.

In the event, almost the whole amount was retrieved by Mr Arnold or the sequestrators brought in by the court to seize the NUM's assets for its defiance of court orders.

In May, 1986, Mr Arnold's stewardship of the union's affairs was ended and newly-appointed trustees – Mr Alex Eadie, Labour MP for Midlothian, Mr Mick Welsh, MP for Doncaster North, and Mr John Cummings, leader of Easington (Co. Durham) council and now also a Labour MP – took over the action on the union's behalf.

In the same month one of the banks, EBC Amro Bank, agreed to pay the union £600,000 on behalf of itself and two associated companies in Jersey and Zurich alleged to have assisted in the movement of the funds.

Last February the Midland Bank and Midland Bank Trust Corporation (Isle of Man) paid £650,000 in settlement of the claims against them.

The trustees have since recovered £150,000 from the Bank of Ireland and Bank of Ireland Finance Company.

Yesterday Mr Charles Gray, QC, for the trustees, told Mr Justice Mervyn Davies that they accepted that £30,100 paid to Mr Scargill out of NUM funds in August 1984 was his personal money, which he had previously paid into the union's bank account.

Mr John Melville Williams, QC, for Mr Scargill and the other union officials, said they denied breach of trust.

IRSF plan would reduce powers of conferences

BY JOHN GAPPER, LABOUR STAFF

LEADERS of the Inland Revenue Staff Federation plan to restructure the union fundamentally, reducing the decision-making role of delegate conferences and increasing the number of members' ballots on policy.

The plan, described as an attempt to extend participation in decision making, will be seen as one of the first attempts by a union to bypass the power of left-wing activists at conference.

Last month, a £30m flexible pay package was recommended by the IRSF executive, heavily rejected by a special delegate conference, then accepted in a membership ballot.

The leaders' proposals include holding a national conference every two years instead of annually, and encouraging more members – especially women – to take part in workplace meetings.

IRSF leaders may face problem in getting the package approved, as it involves constitutional changes needing two-thirds majority approval at a delegate conference under a union rule.

Mr Tony Christopher, IRSF general secretary, suggested the union might put the issue to a ballot as well as a conference vote.

Mr Clive Brooke, deputy general secretary, said there was "a very small degree of truth" in the suggestion that the union's leaders were trying to reduce the influence of a "middle layer" of left-wing activists.

He said: "We want to redefine the role of activists, so that their ambitions to be key decision-makers are lessened and their role is more to offer guidance and encouragement to ordinary members."

Under the plan, work issues relating to women – who make up 62 per cent of the union's 53,000 members but only about 20 per cent of conference delegates – would be targeted more strongly.

An attempt would also be made to promote union meetings with clearer procedures, less bureaucracy, more "discussion and consensus" and less jargon.

The union's annual delegate conference in May will be asked to approve the plan in principle before it is discussed at a series of branch workshops over the following year. The crucial constitutional vote would come at the 1989 conference.

Move over N Ireland jobs law likely soon

By John Hunt

THE GOVERNMENT is soon expected to publish proposals for tougher laws to prohibit job discrimination against Roman Catholics in Northern Ireland.

An announcement of plans to make companies employing more than 25 people monitor the religion of their workforce is likely the week after next – far sooner than expected.

Mr Peter Viggers, Industry Minister at the Northern Ireland Office, confirmed yesterday that the White Paper would be published within weeks.

It is believed its proposals would include making discrimination against Roman Catholics in employment a criminal offence in the province.

Westminster and Belfast politicians saw the move as an attempt to repair the damage done to relations with the Irish Republic by Stalker affair, the failure to prosecute the RUC for the alleged "shoot to kill" policy and the failure of the appeal by the six accused of the Birmingham bombing.

But in a BBC interview yesterday Mr Viggers was at pains to deny that the Government had speeded up its proposals to placate Dublin.

"We are working to a longstanding time-table," he said. "We don't accept that it is fair and reasonable that Catholic unemployment should be 2½ times higher than it is for Protestants."

The time-table has not been change in recent months. We are trying to introduce legislation as soon as we can."

BCal staff may face pay cuts

BY MICHAEL DONNE AND ERIC SHORT

SOME British Caledonian Airways employees may face pay cuts as a result of the airline's takeover by British Airways. They will also get worse pension entitlements.

In a statement yesterday, BA said BCal staff would be taken on under "similar" employment terms to comparable BA workers.

Mr Dick May, BA's deputy human resources director, said in the statement: "In some cases the BA basic rates will be lower than those which currently apply in BCal. However, this will need to be judged in the context of the whole employment package which BA provides."

In spite of earlier warnings of up to 2,000 redundancies following the takeover, Mr May said he expected no "general severance programme." Where staff were surplus, they would be offered redeployment and voluntary redundancy would be considered.

BA has given no new figure for reundancies, but many senior staff have already left BCal.

Staff transferring from BCal also face inferior pension arrangements. Mr May said transfer to BA's pension scheme (Naps) would be automatic.

"We will not be negotiating changes to the scheme as a result of the merger. The transfer questions are largely technical in nature . . ." his statement said.

BCal's scheme has provided higher benefits than BA's by paying them on top of the basic state pension rather than integrating them with the state allowance.

BCal employees are dismayed at this change, even if agreement is reached on securing benefits earned to date. Detailed proposals on the transfer of benefits, which will need the agreement of the trustees of both schemes, were submitted to trustees on Thursday.

Those staff hired by BA will be given revised contracts by March 20. A three-tiered series of "merger integration groups", comprising management, union officials and staff representatives, has been set up to handle the staff issues involved in the merger.

Filling a political vacuum from a long list of heirs

LORD WHITELAW will no doubt be smiling quietly – or, more characteristically, chortling loudly – at the recent fuss over which ministers have been favoured by inheriting parts of his diverse responsibilities.

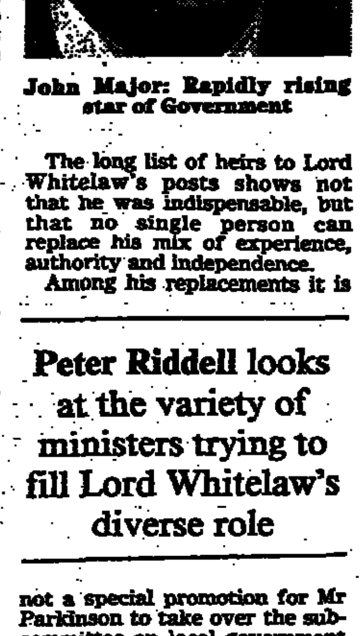
His departure has created a vacuum which Mrs Thatcher has filled by spreading out his duties, not to single out any particular individuals, but rather to use available ministers in the most suitable way.

He has a variety of heirs. Lord Belstead has, of course, taken over as leader of the Lords. Mr John Wakeham, the leader of the Commons, has taken Lord Whitelaw's previous title as Lord President of the Council and the chairmanship of the home and social affairs committee, in addition to the legislation committee.

The other inheritors include Mr Cecil Parkinson, the Energy Secretary, taking over the chairmanship of the sub-committee concerned with local government finance; Mr John Moore, the Social Services Secretary, the special committee dealing with the Aids problem; and Mr Douglas Hurd, the Home Secretary, the committee concerned with the prevention of terrorism.

In addition, Mr John Major, the Chief Secretary to the Treasury, and rapidly rising star of the Government, is to have a role in the presentation of policy on financial issues, including pay restraint. But that will not be as wide-ranging as Lord Whitelaw's role as general presentational co-ordinator.

No one has yet been nominated for the annual autumn chore of chairing the Star Chamber arbitration committee on public spending. Lord Whitelaw's role as deputy prime minister (never a formal office) is also not being filled.



John Major: Rapidly rising star of Government

The long list of heirs to Lord Whitelaw's posts shows not that he was indispensable, but that no single person can replace his mix of experience, authority and independence.

Among his replacements it is not a special promotion for Mr Parkinson to take over the sub-committee on local government finance. He is an experienced minister and, with the main decisions of principle on electricity privatisation now taken, he will not be fully stretched.

Nevertheless, provided he can make a success of the flotation, Mr Parkinson should fully re-establish himself as a leading member of the Cabinet and a possible Trade and Industry Secretary or Chancellor of the Exchequer.

Insofar as there is a main inheritor of Lord Whitelaw's duties, if not yet his authority, it is his old ally Mr Wakeham. He has the key chairmanship of the home and social affairs committee and the role of behind-the-scenes fixer and conciliator.

Otherwise, the most influential figures in the Government remain Mr Nigel Lawson, the Chancellor, and, in a more detached way, Sir Geoffrey Howe, the Foreign Secretary, and Mr Douglas Hurd, the Home Secretary. Mr Parkinson has access and a say as a long-established favourite of Mrs Thatcher's, as do Lord Young, the Trade and Industry Secretary, and Mr Nicholas Ridley, the Environment Secretary, on particular issues.

Outside the inner circle, Mr Moore has until the autumn to show that he can regain the initiative over the health service, and the standing of Mr Kenneth Baker, the Education Secretary, has just taken a knock after his change of policy on the Inner London Education Authority.

None of this juggling amounts to a battle for the Conservative leadership. The present occupant shows no signs of giving up. The resignation of Lord Whitelaw has, however, created an opportunity for manoeuvring and Mrs Thatcher, like a medieval or Renaissance monarch, has been determined to avoid creating an heir-apparent.

Peter Riddell looks at the variety of ministers trying to fill Lord Whitelaw's diverse role

Postal workers vote to accept pay deal

POSTAL workers have voted by a 57 per cent majority to accept a pay and productivity deal cutting the working week by 90 minutes in exchange for a revised bonus scheme and more flexible shift patterns.

The deal – agreed by leaders of the Union of Communication Workers before Christmas after the threat of a postal strike – was accepted by 61,778 votes to 46,523.

Kevin Brown weighs the effects of the national ferries strike

Fraught times for freight handlers

MR Jim Birse, traffic manager of Caledonian MacBrayne, was the toast of the Highlands yesterday after Scotland's main ferry company restarted services to the Western Isles.

The consequences of a long strike could have been serious for the isolated island communities, which depend on the state-owned Caledonian ships for supplies.

As it was, the seamen went back to work after two days, too late to avert the cancellation of a cattle sale on Tiree but just in time to prevent the scotch whisky distilleries on Isla running out of yeast.

Further south, however, severe problems were building up as English-based seamen employed by Sealink and P & O European Ferries continued to ignore union appeals to return to work.

The big losers are the transport companies whose trucks and trailers are losing between £200 and £300 for every day they stand idle.

The Freight Transport Association estimates there are up to 1,000 trucks queueing at Dover, the biggest UK port, and around the same number on the Continent, principally at Calais, Ostend and Zeebrugge.

This means the industry is losing at least £400,000 a day, excluding delays at the smaller ports and without taking account of journeys which have been postponed or cancelled.

On top of this, there are fears of long-term damage to the reputation of British exporters who fail to meet contracts because of the strike.

"It is having a disastrous effect on the business, and indeed on many of our customers, whose goods are being held up for as long as three to four days," said Mr Paul Mainds, managing director of Cave Wood Transport.

"We have ten units caught up in the strike and each one is costing us around £300 a day, which is what they have to earn to cover their costs.

The other big casualty is the regional economy of Northern Ireland, where manufacturing industry already faces a shortage of raw materials and agricultural producers are cut off from their main markets in Great Britain.

"The effects are growing greater every day and we are almost reaching the crucial stage where there will almost certainly have to be redundancies," said Mr John McDowell, assistant director of the Northern Ireland CBI.

Shortages of steel are already being reported, and manufactured goods are trapped in the province until the strike ends, partly because spare ferry capacity from ports in the Irish Republic has been taken up by southern companies which normally export via the North.

The picture looks rather different from the point of view of the shipping companies and ports, which are in the front line of the dispute, but are also much better placed to recover some of the costs.

The immediate costs are high - about £250,000 a day for Sealink, and something in the same order for P & O.

The companies will recover some of this once the strike is over, when a lot of traffic which has been kept away from the ports will start to flow through.

If the strike ends next week, losses will be confined to a small amount of passenger traffic, much of which would have been at cut-price winter rates, and those trucks which switched to foreign-flag ships.

The companies are also saving on the wages of up to three crews per vessel. P & O may be able to claim against its strike insurance policy and plans to sue the NUS for damages for loss of earnings.

The port operators are in an even stronger long-term position. Dover, for instance, is moving 40 per cent of its normal rail and about a third of normal roll on roll off movements.

The British Ports Association estimates the total revenue loss at all ports at around £100,000, all of which will be recovered apart from a small leakage of low-volume goods into air freight.

The big gainers from the strike are British Rail and SNCF French Railways, which are benefiting from a big increase in demand for space in the three French-flag rail ferries operating from Dover.

The strike was fortuitously timed to begin shortly after the introduction of a new "super-ferry," the Nord Pas de Calais.

Ashley Ashwood

Lorry bottleneck: Long queues form on the M20 outside Folkestone

APPOINTMENTS

BPB Industries managing director

BPB INDUSTRIES has made the following changes: **Mr A. Creedon**, group operating director, has been appointed vice-chairman. **Mr A. Brooks** has been made managing director with responsibility for all of the group's gypsum interests. **Mr C.J. Bushell** has become group managing director, paper and non-gypsum building products. **Mr J-P Cuny**, chairman and managing director of Placoplatre SA (BPB's French subsidiary), has also been appointed a director of BPB Industries.

HONEYWELL has appointed **Mr Leo Quinn** as director of protection services. He was strategic planning manager.

★

Norcros has appointed **Mr David Blake** as managing director of CRITTALL WINDOWS from April 1. He joins from Mellows PPG where he was managing director.

★

HEERY INTERNATIONAL has made **Mr Nicholas Terry** deputy managing director of Heery Architects and Engineers and **Mr David Badder** managing director of Heery Program Management. They have both been appointed principals of Heery International Inc (USA).

★

Mr Keith B. Russell has joined SWISS BANK CORPORATION INVESTMENT BANKING as an executive director with the Scandinavian marketing team. He was a vice president in the corporate finance department of Salomon Brothers International.

★

Dr Tim Cook has been appointed managing director of MICROSYSTEM DESIGN. He is a former managing director of Oxford Analytical Instruments.

★

COSTAIN PETROCARBON has appointed **Mr Stewart Pinkney** as finance director (designate). He will succeed the present finance director, **Mr Gordon Wild**, when he retires in May.

★

Mr Anthony Peter Hutchinson has been apppointed finance director of the NATIONAL NUCLEAR CORPORATION. He replaces **Mr Fraser Ashman** who was finance director of NNC from January 1986 until January 1988. Mr Ashman has been appointed commercial director. Mr Hutchinson joins NNC from the Costain Group where he was project finance manager of the engineering division.

★

Dr Oliver Waldron, non-executive chairman, has been appointed managing director of OLIVER RESOURCES. **Mr Hugh Gibney** has been made deputy managing director. **Mr John O'Neill**, a director of Exco International, has been made a non-executive director.

★

Sir John Milne, chairman of Blue Circle Industries, and **Mr Henry Merton Henderson**, a partner of Cazenove and Co, have been appointed non-executive directors of WITAN INVESTMENT COMPANY.

★

THE INSERTECH GROUP has appointed **Mr John Wharton** as a director. He has been running the Barton-on-Humber operation since the beginning of 1986.

★

DAN-AIR has appointed **Mrs Barbara Philips** as an associate director with resposibility for the company's legal affairs.

FINANCIAL TIMES

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A rash of strikes

IS THE UK suffering a renewed attack of the supposedly conquered British disease? It is far too soon to tell, but some of the symptoms look reminiscent of previous decades when labour relations in the motor industry, to take a current example, made the UK the laughing stock of Europe.

Last week saw one-day strikes by the nurses and the pit deputies; action by members of the National Union of Seamen; and the rejection by Ford's 32,500 manual workers of a three-year deal offering 7 per cent in 1987-88, followed by rises worth 2.5 per cent more than inflation in the next two years. Generally, strike action appears to be rising from a fifty-year low, with 3.5m working days lost through stoppages in the year to November 1987, compared with 2m for the year to November 1986.

Unemployment

Three facts about the labour market suggest the pressures of which these events are a symptom: measured unemployment has fallen by 550,000 from its peak in June 1986; the underlying percentage increase in earnings in the year to November was 8¼ per cent, up from 7½ per cent in early 1987; and union membership is rising.

These developments, in turn, reflect the exceptional growth of gross domestic product in 1987. Also important has been the recovery of profits. Finally, there is the improvement in the rate of growth of productivity. In manufacturing, for example, output per head rose by 7.2 per cent in the year to October 1987.

It is the change in unemployment rather than its level that appears to be the most important determinant of labour market pressure. It is not surprising, therefore, that along with improved corporate profitability and high rates of productivity growth, the decline in unemployment has given sections of the labour force both the ability and the motivation to ask for more. The exceptionally rapid pay increases that British management has seen fit to give itself may also be a factor.

None the less, several quite distinct elements can be detected in recent strikes: concern about the erosion of differentials in the case of the pit deputies; worry over the weakening of demarcation lines between skilled and unskilled workers, in the case of Ford; frustration over the inability to halt the decline of the industry, in the case of the seamen; exploitation of understandable concern about the state of the NHS, in the case of the nurses.

What is disturbing about the list is its familiarity. Equally disturbing is the incompetence of management, with Ford having already improved upon two "final" offers and the Government having stoked up its difficulties in the NHS by its prompt surrender last month to 38 Manchester nurses over payment for unsocial hours. Most disturbing of all, the union leadership is leading from behind, with the pressure coming from their members.

It is easy to sympathise with those whose industries are in decline or – still more – with the nurses. None the less, no union or group of workers can be permitted to impose a blockade upon the country; secondly, the elected Government must determine the amount of public money to be spent on public services, not those employed in providing them; finally, giving in to pressure in any one case is bound to create further difficulties. Indeed, it is one of the tragedies of the situation in the NHS that, by doing what is sensible, the Government is bound to look as though it is surrendering.

Benefits

More important, those who are in employment are the lucky ones. Between 1980 and the end of 1987 average real earnings rose by 18 per cent in the UK. What is needed is not higher real earnings, but more employment. Furthermore, if the benefits of productivity growth or high profits in individual firms are all captured by their existing workers, the normal process through which efficiency gains are spread throughout the economy – lower prices, more output and more employment – will be thwarted.

The present wave of unrest presents an important challenge. One essential step is to strengthen the commitment to the exchange rate link, as was done by the rise in interest rates on Monday. Equally important is continued support of labour law. Above all, if the pressure for greatly improved wages is not resisted, the result would be far worse than just a relapse into the old British disease. A recurrence of the disease now would permanently exclude at least 10 per cent of the labour force from any hope of employment.

As the Tory Government reviews the NHS, Michael Prowse casts a critical eye over the alternatives

Diagnosing the real problem

"MAGGIE leave the NHS alone," shouted the demonstrating nurses in central London this week. It is already clear that reform of the National Health Service is likely to present as big a challenge for the Thatcher Government as the coal strike in 1984/85.

Now, as then, there is a clash of cultures. The NHS has many strengths, but they are not the strengths held dear by this Government. Thatcherism reveres self-reliance, individual choice and commercial efficiency. The NHS, a state-run monolith, has little time for any of these. It is committed to the uniform provision of health care, as of right, to whole communities.

In this struggle, there is no Arthur Scargill figure around which opposition to change can rally. Instead, the Government faces serried ranks of doctors, nurses and managers, most of whom appear adept at managing the media. Few of these health care professionals believe that radical structural reform is necessary; almost all complain that the NHS is being unfairly starved of resources.

Against such a backdrop, what are the options for reform? There are at least four inter-locking issues which Mrs Thatcher's internal review will have to address:

● Are there better ways of financing the NHS?
● Is the public/private health mix in the UK appropriate?
● Can the internal structure of the NHS be improved?
● Is the NHS getting sufficient resources?

On financing, one mooted alternative would be to fund the NHS through national insurance contributions. A separate health contribution or "stamp" appearing on pay slips would supposedly have the advantage of bringing home to people the true cost of the NHS. Health revenues could be linked automatically to earnings, say enthusiasts, and the rich could be allowed to contract out, rather as they do from the state earnings-related pension scheme.

It is doubtful, however, whether people really are unaware of the cost of the NHS. In any case, national insurance funding would be a cosmetic device: it would not introduce a direct link between individual consumption of health services and payment for them. Nor would it be the only way of linking NHS revenue to growth of the economy: this could be achieved at a stroke of the prime ministerial pen.

Since national insurance contributions are traditionally set as a flat percentage of earnings, the move would also be regressive; the effective tax burden on the poor would rise, especially if the rich contracted out in large numbers. A two-tier health system would be the natural outcome.

A special health tax, moreover, would set a dangerous precedent. It could be infectious, leading to demands for special taxes for defence, the judiciary and libraries, with corresponding rights to contract out for citizens who fail to appreciate these services. A proliferation of special levies is hardly desirable when the Chancellor is in the process of rationalising an already complex fiscal system.

Mr John Moore, the Social Services Secretary, sees the small scale of the private health sector as one of the "great weaknesses" of British medicine. Private health accounts for only about ½ per cent of gross domestic product in the UK, compared with nearly 2 per cent in West Germany, nearly 3 per cent in France and about 6½ per cent in the US. Many Tory MPs favour sizeable tax concessions for private health insurance.

Tony Andrews

What Mr Moore fails to mention, however, is that other countries have been reducing the relative size of their private health sectors in recent decades in recognition of their many inefficiencies. Administrative costs are extremely high: around 20 per cent in the US compared with 5 per cent for the tax-financed NHS.

Moreover, doctors in the private sector are rarely given appropriate incentives. Payment is usually on the basis of fees per item of service. They thus have a cash incentive to over-prescribe and to perform too many operations. This shows up clearly in comparative statistics: an American women, for example, is three times more likely than her British counterpart to have a hysterectomy. Costs frequently spiral out of control in such regimes.

Rather than tinkering with the financing mechanism or diverting resources into the often more wasteful private sector, the Government might be better advised to concentrate on ways of improving the operation of the NHS. Several imaginative proposals have been put forward.

Professor Alain Enthoven, from the Stanford University business school, in California, has urged the creation of an "internal market". NHS districts already buy and sell services between themselves and trade with the private sector. Professor Enthoven has urged a large expansion of this kind of activity, which is hampered at present by hospitals' inability to cost their activities accurately or to negotiate prices freely.

Each district would continue to get a budget based on its population and health needs, but it would abandon the commitment to provide virtually all the services itself. Instead, it would "import" operations in which it lacked a comparative advantage and "export" those that it could do particularly efficiently. The hope is that cost-efficient districts would expand their activities on the back of the resources flowing in from other areas, while the inefficient would be obliged to cut their physical provision of health care.

The internal market is sold as a way of reaping some of the supposed benefits of competitive private health without the unpleasant side effects. Access to care, for example, would remain independent of a person's income and districts would continue to have a blanket responsibility for the health of their communities.

An alternative and even more radical means of introducing market forces into the NHS has been proposed by the free-market Adam Smith Institute. It urges the sweeping away of district and regional health authorities and the creation of competing health management units (HMUs). These would be funded directly by the Department of Health on the basis of the number of patients registered with them.

All GPs would have to enroll with one of the units, which would be responsible for their remuneration (the general public would register with GPs as they do now). The HMUs would purchase specialised services from hospitals and consultants as necessary. They would have an incentive to buy as cheaply as possible because they could then remunerate their staff more generously, as well as offering GPs better terms.

The supposed advantage of the scheme is that all parts of the health service would be forced to compete. Hospitals would be competing for work from the HMUs, which would be the only source of finance for them. HMUs would be competing against each other and for GPs, who would themselves be competing for patients. Yet the whole arrangement would be tax financed and free at the point of consumption.

To a layman, the HMU idea sounds ingenious. Yet its adoption is almost inconceivable. An immense shake-up of the NHS would be necessary to make it work, and the scope for politically damaging fall-out would be unlimited.

GPs, who are used to complete medical autonomy, would hardly rush to serve as junior members of management units dedicated to balance sheet priorities. Consultants would be enraged at having to compete like plumbers for one-off jobs. Politicians would face overwhelming pressure to save hospitals driven into bankruptcy by open competition for HMU contracts.

Professor Enthoven's internal market has a better chance of success. But it is not without problems. Exports and imports of bales of cotton are one thing; it is quite another to expect sick (and often old) people to traipse around the country en route to the cheapest place of treatment.

The US guru notes cheerfully that in California people happily drive 200 miles for the weekend. Fit British yuppies might do the same for minor elective surgery. It is less clear that old age pensioners should be expected to travel hundreds of miles on public transport in search of cancer treatment.

In fact, it is good medical practice to provide health care near where people live. People are typically rather ill when then need to go to hospital; they get better more quickly if they are near to family and friends.

For the past decade, governments have sensibly striven to equalise local access to medical treatment. The Resource Allocation Working Party has been shifting resources – including physical plant and equipment – to poorer and less well provided for areas, in other words to where they are needed. An internal market would probably push this policy into reverse: people would be moved in search of medical infrastructure.

Indeed, it is possible that the long-term consequence would be a draining of money and expertise to London and the south-east. The big London teaching hospitals have powerful "brand names" and could probably exploit economies of scale more successfully than smaller regional hospitals. If internal market principles were applied ruthlessly, the result could be regional inequalities in the physical provision of health care comparable to those of the 1930s.

In dreaming up radical reforms, it is too easy to forget that health is not just another commodity. Financial priorities cannot always be paramount. Wider social objectives, such as equality of access to health care, and medical imperatives, such as clinical freedom, are sometimes more important.

Equally, ideas like HMUs and the internal market, while intellectually stimulating, fail to address what many in the NHS regard as the central problem: the shortage of resources. International comparisons confirm that the UK spends rather little on health: less than 6 per cent of GDP compared with between 8 and 9 per cent in continental Europe and 11 per cent in the US.

In particular, there is no mystery about the recent strains in the hospital sector. The Department of Health is on record as saying that a 2 per cent annual increase in the *volume* of services is the minimum necessary to meet demographic pressures and other special factors.

Yet the actual rise since 1980/81 has been only about 1 per cent. The Commons select committee calculates that, even allowing for extra efficiency savings, the cumulative shortfall in the funding of hospitals has been £1.8bn over this period. That is significant against an annual budget of around £10bn for the sector.

The rising tide of discontent in the NHS is, therefore, neither necessarily a sign of the intrinsic inadequacy of a public service, nor proof of the insatiability of demand for medical treatment. It is better interpreted as evidence of calculated underfunding. Such a policy may have helped to create a constituency in favour of free-market radicalism, but it does not amount to an economic argument for upheaval.

The case for that could be made only by a series of carefully designed pilot studies. Controlled social experimentation, however, has never previously caught the imagination of politicians. In its absence, international comparisons of fairness and cost-efficiency suggest that the NHS, while less than perfect, is still an extremely good buy. It is a structure that needs reinforcing, not tearing down.

Robert Graham reports on the violent power of Colombia's cocaine traders

A state addicted to drugs

THE Colombian drug mafia has given a sinister twist to the old adage that behind every fortune lies a crime. The lucrative international cocaine business has spawned a group of narcotics barons whose individual crimes pale beside the graver one of having corrupted the state and undermined the rule of law.

The cocaine barons, consisting of four principal families, are so powerful in Colombia they have come close to buying respectability. The street value of the cocaine they sell in the US is reputedly more than twice the country's $5bn worth of legal exports. Their offer of helping to pay off Colombia's $15bn foreign debt, first made in 1984, is still apparently on the table. Perhaps the closest parallel is the impact of the pernicious opium trade in the Far East during the last century.

Yet in assassinating on January 25 Mr Carlos Mauro Hoyos, the Attorney-General, the Colombian mafia may have stretched the limits of its impunity. This brutal killing has become a test not just of President Virgilio Barco's nerve but also of a democracy's resolve not to capitulate to the dictates of organised crime.

The Attorney-General's death has provoked public chest-beating over the need to recover a lost morality, eroded by the highest level of violence in Latin America. A mix of mafia activity, a longstanding leftist guerrilla insurgency and the general weakness of central government has led to some grim statistics. Last year 24,450 persons died violently, an average of 68 a day in a population of 30m. Every 48 hours a kidnap occured.

The paradox of this situation is that Colombia is the one country in Latin America which has ridden out the debt crisis and enjoyed continuous growth. Private investment increased 10 per cent last year and unemployment has fallen to 10 per cent. This prosperity, not solely attributable to an annual inflow of $900m from drug profits, has offset the climate of violence.

Organised crime has grown exceptionally fast, first round the emerald trade, then marijuana, only graduating to cocaine in the late 1970s. Mafia pay-offs, investments and philanthropy have benefited many sectors of society, creating a large constituency, right up to parliament, where, on the estimate of one senior official, 20 per cent of the deputies are compromised by their ties with the drug barons. Where convenient, the mafia have links with the leftist guerrillas. But, fearful of an ascendancy by the left, they also collaborate with the extreme right in the armed forces. In the run up to next month's municipal elections more than 100 candidates of the communist-backed Union Patriotico have been murdered.

President Barco last week introduced a "statute for the defence of democracy". This included long-overdue measures to make life tougher for the mafia and stiffer anti-terrorist legislation.

But Mr Barco has inspired little confidence as a leader since taking office in August 1986. As a Liberal, he is handicapped in his search for a political consensus by poor relations with the powerful opposition Conservative Party and the natural rivalries produced by the forthcoming municipal elections.

The authorities claim Mr Hoyos' killing was the work of the "Medellin Cartel", the drugs syndicate which operates from the mountain city of that name and which controls over 70 per cent of cocaine supplies to the US. The syndicate is led by Pablo Escobar, whose building of a multi-billion dollar drugs empire in under 15 years is ascribed in the words of one narcotics agent to "very clever use of extreme violence".

A clue to Escobar's vision of himself is the bullet-ridden car he displays outside his ranch near Medellin, allegedly the property of a 1930s Chicago gangster. In the previous legislature he won an alternate seat in Congress. He was accused of instigating the assassination in 1984 of Mr Rodrigo Lara Bonilla, the Justice Minister. The hapless judge who first heard the case against Escobar was murdered and the next judge found insufficient proof to convict.

Escobar is one of five cocaine barons most wanted by the government (and by the US). Arrests warrants were issued last month after another notorious member of the Medellin Cartel, Jorge Luis Ochoa, was released from jail on a dubious legal technicality by a magistrate who has since been fired.

Senior officials believe Mr Hoyos was killed in a bungled kidnap, part of a scheme by the Medellin Cartel to seize five prominent figures and hold them ransom against a deal with the government that would include the shelving of plans for an extradition treaty with the US.

● Attorney-General Carlos Mauro Hoyos, assassinated last month

The Medellin Cartel will stop at nothing to prevent a new extradition treaty. A 1979 extradition treaty has been rejected by the Supreme Court. The willingness of the Barco Government to extradite has become the barometer by which Washington measures Colombia's resolve to fight against drugs. However, Washington's reprisals (especially customs delays for passengers and perishable goods) in protest at Ochoa's release last month have been counter-productive, helping to swing the national mood against extradition.

Arguably the drug barons have now become so big as to be vulnerable. Freedom of physical movement is restricted. Confiscation of assets has begun, turning up in the case of Escobar an Aladdin's cave of art treasures and cars.

There are also signs of a falling out among thieves. Carlos Lehder, the leading member of the Colombian mafia extradited to the US where he is currently standing trial, was reportedly informed on by rivals. Last month Escobar, now in hiding, and his family escaped a Beirut-style car bomb outside their Medellin apartment.

All the drug barons would like a deal with the authorities avoiding extradition in return for repatriating their ill-gotten gains. They proposed such a deal in Panama in April 1984 at a meeting with a former President, Alfonso Lopez Michelson. This was rejected out of hand by the then President Belisario Betancourt.

The Barco Government has so far been ambiguous on extradition. It faces higher stakes now that so much more blood has been spilt. Its credibility depends upon whether the mafia bosses are brought to justice, a task that can only be done by an all-out war against them.

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Men in the News

The protagonists (from left to right): Trevor Clay, Mick Murphy, Sam McCluskie and Peter McNestry

The rough end of union uncertainty

By David Brindle, Jimmy Burns and Charles Leadbeater

BY A supreme irony, 20 of Britain's trade union leaders are meeting this weekend to discuss radical new strategies and consider how the labour movement can shake off the strike-happy image that still dogs it.

Meanwhile, in a week dominated by news of disputes, the seafarers' leader Mr Sam McCluskie has been blamed for unjustifiably (and illegally) ordering a national strike; and the pit supervisors' leader Mr Peter McNestry accused of sinister motives for calling his union's first national 24-hour stoppage. Conversely, the car workers' chief negotiator Mr Mick Murphy was rebuffed after recommending a settlement and not pressing for a strike; and the nurses' leader Mr Trevor Clay has been criticised as being out of touch for standing on principle against strikes.

Each man has led with his chin and suffered the consequences.

Mr McCluskie, the general secretary of the National Union of Seamen, can take the knocks better than most. An 18-stone abrasive Scot, he is reputed to have once broken a chair over a journalist in a heated argument on the relative merits of the sectarian Glasgow soccer teams, Celtic and Rangers.

Last Monday, in what was perceived as a similar hot-headed gesture, he ordered all 7,500 NUS members working on UK-flagged ferries to strike in support of 161 members dismissed in a dispute at the Isle of Man Steam Packet Company.

More than any other of this week's events, the move smacked of old-style trade unionism, of the union baron flicking his fingers and the members jumping. It also smacked of suicidal tactics as the big ferry companies dragged the impoverished NUS into the High Court to account for the unballoted and unlawful secondary action.

"Sam has a tendency to rush into a decision rather than thinking through its political implications," says a Labour MP who knows the union leader well through his part-time work as Labour Party treasurer.

Yet Mr McCluskie, a former ship's cook, also has a strong nerve, a wily sense and a fast pair of heels. Appeasing, at least temporarily, both the court and the NUS's militant left wing, he ordered back to work only those members on sympathy strike.

It has been a classic piece of McCluskieism: a maverick action followed by a sharp trimming of the sails, although it has left even his own members confused. Some think he has bamboozled the law and others have called for his resignation.

Employers have been similarly baffled. One minute they have described him as "a man we can do business with", agreeing redundancies and changes to working practices, and the next he has slipped through their fingers. At one time, Sealink believed he had agreed a no-strike pledge.

In the Labour Party, he acted as honest broker in the successful efforts to dissuade Mr John Prescott, an NUS-sponsored MP, from challenging for the deputy leadership. But he is also known for having expressed rough-and-ready views on the need for a general strike to dislodge Mrs Thatcher, on feminism and on the hard left, which he has described as "poison".

Mr Peter McNestry would not be caught uttering such indiscretions. The 45-year-old general secretary of Nacods, the pit supervisors' union, is a man who keeps his counsel and likes a sharp crease in his trousers.

So it has surprised many that senior British Coal executives have this week been portraying him as an embittered man, spoiling for a fight in collusion with Arthur Scargill, the National Union of Mineworkers' president.

In reality, the pair's relationship is marked by distance rather than conspiracy. It is extremely unlikely that Mr McNestry told Mr Scargill about any of his plans to bring the supervisors out on strike; even more unlikely that he would be manipulated by the NUM president.

Mr McNestry's leadership is more the product of his members' ambivalent, increasingly fraught relationship with British Coal and their sense that they have a right to their unique position as statutory arbiters of what should be done in a pit.

The son of a pit supervisor, Mr McNestry comes from a traditional, in some ways conservative, background. As a friend says: "It's an area where they have only just stopped wearing suits to bed."

All this fits with the traditional caution of the union and its members. But Mr McNestry has become convinced that British Coal cannot be trusted. The corporation, he believes, has reneged on the revised colliery review procedure, which was introduced to ensure Nacods did not enter the 1984/85 NUM strike, and wants to reform the safety legislation which gives the union its power.

Feeling that the union's relationship with the corporation is increasingly littered with broken promises, Mr McNestry has been drawn to deploy Nacods's industrial muscle for the first time.

His critics at British Coal, and in the NUM, argue that, like his members, he can be sanctimonious and cantankerous, defending archaic privileges with a self-righteous sense of superiority.

He acknowledges that he has a stubborn passion for safety, which sometimes makes him seem obsessed with obscure detail. But he says this comes from his days as captain of the rescue team at Kellingley Colliery, North Yorkshire, when he would have to drag crippled men from under roof falls.

In contrast to Mr McNestry's break with tradition, Mick Murphy is following a well-trodden path at the Transport and General Workers Union. He arrived in the job of national automotive officer by the conventional route of the union's right-wing "machine": semi-skilled worker at Ford's Dagenham plant, union convenor, full-time district official, national officer.

Born in Limerick, Mr Murphy has been the joint unions' chief negotiator at Ford since 1985 and, until last weekend, had been calling the shots as a three-year pay deal was painstakingly put together.

However, when Ford said the deal would have to be recommended for acceptance by the unions or withdrawn, Mr Murphy called it wrong. After the negotiating team had first voted 33-18 not to recommend, he put his personal authority on the line and turned the vote to 25-18 in favour.

In ballots this week, the Ford workers snubbed the deal and a national strike is likely to start on Monday.

Mr Murphy has been in poor health and some say this may have affected his judgment. Fellow negotiators think this unlikely. Certainly, however, he seems to have badly underestimated the strength of feeling on the shopfloor.

In this he has not been alone: Trevor Clay, general secretary of the Royal College of Nursing, has found himself running hard to keep up with the mood of unrest among nurses who, he believes fervently, should never strike.

Through his numerous television and radio appearances, Mr Clay has become a familiar figure since his appointment in 1982. Articulate and spruce, he is a career nurse and former nurse manager. The non-TUC union has made rapid progress under his leadership and now claims 267,000 members.

Cash has been poured into political lobbying, internal communications, public relations and advertising – all as a strike substitute to influence what Mr Clay calls "the balance sheet of public opinion."

However, this strategy has been put into doubt by the RCN's slowness to pick up on nurses' discontent; by the perceived success of last month's strike by nurses in Manchester; by strong popular support for this week's walkouts; and by the enormous publicity won by the strikes.

Amid numerous reports of RCN nurses quitting for other unions which "get things done", Mr Clay has been forced on to the defensive; he admits a ballot on changing the union's no-strike policy is now inevitable.

Last year, when the RCN's growth seemed unstoppable and the climate was against strikes, Mr Clay claimed the union was setting the pace in labour movement thinking. Today, as the nurses, pit supervisors, car workers and seafarers make striking fashionable again, that claim seems questionable.

Televising the UK Parliament

A question of being seen in the best light

By Peter Riddell

WHEN THE televising of the UK House of Commons was last debated in November 1985, Mr John Biffen, leader of the House, likened the uncertain implications to Disraeli's "leap in the dark" in 1867, when the size of the British electorate was doubled.

But it would be a leap already taken by 21 of the 24 main industrialised countries. In Britain only sound excerpts can be broadcast, not pictures. The other exceptions are the Irish Republic and New Zealand, the sole apparent link being an enthusiasm for rugby football.

Next Tuesday the Commons will vote for the 11th time since 1966 on whether its proceedings should be televised. The general view at Westminster is that the result will be close, but probably still against – though no one really knows since the vote will be free.

Last time, the proposal was lost by 12 votes following a last-minute change of view by Mrs Margaret Thatcher, the Prime Minister. Tory MPs voted against by 201 to 128, while Labour were 111 to 71 in favour. Since then, older members opposed to change have retired. But the result remains in doubt because of political calculations of who would gain or lose.

The case for televising the Commons is the same as for press reporting of its proceedings – as summed up by Sir Samuel Whalley when MPs debated that issue in 1834: "If members wished to discharge their duty conscientiously, they would desire those whom they represented to be fully apprised of their proceedings."

The supporters of television argue that the public has a right to see how the main forum of parliamentary democracy functions. They also point to the experience overseas, notably in comparable Commonwealth legislatures based on the Westminster model. The Canadian experience was that, after a short-term upheaval, everything settled down as before.

In the different US structure, the House of Representatives has been televised since 1979; and seven years later, after a short trial, the Senate decided by 78 votes to 21 to implement it permanently. It is now taken for granted both in the US and throughout the Continent.

Opponents are worried that television would alter the character of the Commons. According to this view, apart from the physical impact of the cameras and lighting, MPs would play to the wider public and the intimate, almost conversational, nature of debates would be lost.

The critics dismiss television as a medium which sensationalises and trivialises. There is also a widespread dislike and mistrust of broadcasters, especially the BBC, linked with suspicions about how they would select shots and edit programmes.

In the 1985 debate these doubts were expressed most cogently by the Conservative, Mr Nigel Forman. He maintained that television created impressions as opposed to conveying information. Echoing the late 18th century view of Edmund Burke about the independence of the MP, he said television would undermine the representative principle where the member occupies an intermediate position between the electorate and the Government. Instead, there would be a direct, instant appeal.

Many Tories feel that Mrs Thatcher has a lot to lose

There are also fears that television would encourage unruly behaviour, both on the floor of the House and in the public galleries.

The broadcasters believe that most of these worries have been answered by the televising of the House of Lords, as an experiment from January 1985 and permanently from May 1986. Apart from use of material on news bulletins, ITN has a programme four days a week, the BBC once a week, covering all aspects of the chamber's work, including committees. Most peers think televising has worked and, apart from some initial camera-hogging, it has not altered the Lords' nature.

The bizarre events of last Tuesday, when three women protesters abseiled down to the floor of the Lords shouting gay rights slogans, have been taken up by both sides. An opponent, like Tory Mr Kenneth Warren, says the incident shows that the presence of cameras will cultivate demonstrations. The broadcasters point out that, while two shots were shown live on Westminster Cable, they were not on any news reports, in line with the agreement that public interruptions and demonstrations should not be covered. The event was given much more coverage in the tabloid press.

The proposal next Tuesday will be for an experiment, with a select committee to examine the implications. The broadcasters are suggesting a six-month trial from next November, using seven remotely controlled cameras mounted below the galleries.

With the vote likely to be close, the result will be determined by calculation of political advantage. Mrs Thatcher has already restated her opposition to television because it would not enhance the reputation of the House. Many Tories feel that she has a lot to lose. At Prime Minister's questions, she will be shown shouting at the opposition in vigorous, sometimes rowdy, exchanges – not the kind of unruffled image which leaders like to convey.

Her view may sway a number of wavering loyalists and younger MPs, as it did in 1985. By contrast, Mr Neil Kinnock is in favour, as are most of the large new Labour intake.

As for the broadcasters, they will be pleasantly surprised if MPs are ready this time to take the "leap in the dark" and accept Mr Biffen's 1985 view that the Commons can adapt to television and not be mastered by it.

Letters to the Editor

Strategic shot at the moon

From Mr W. Grey.

Sir, Mr Malise Graham (Letters, February 2) has a point when he links the US moon landing to a unified currency and central bank.

The same point was underlined by the president of the Bundesbank when, addressing the Overseas Bankers Club in London (FT report, February 2), he advocated full UK membership of the European Monetary System (EMS) as part of a process which would eventually lead to a European central bank and European currency. Coming from the head of an institution which prides itself on its constitutional autonomy, this strategic vision is of special note.

Maintaining the credibility of the Government's counter-inflationary strategy, rather than letting the exchange rate take the strain, was also highlighted by your leader ("Credibility restored," February 2) as the prime justification for the cautionary rise in UK interest rates. As you point out, the lower that credibility is (which full EMS membership can only strengthen), the higher will be the impact of putting it into effect.

W. Grey,
12 Arden Road,
Finchley, N3

No substitute for enthusiasm

From Mr Peter Wood.

Sir, Paul Betts's supposition that France is taking the lead in developing "domotique," the "intelligent home," may not be as erroneous as Ian Miles (February 3) appears to believe. There is all the difference in the world between holding a conference on "interactive home systems" (IHS) and actually being committed and imaginatively enthusiastic about "domotique."

Passion and enthusiasm drive business forward, not Mr Glums whining that they were first.

Peter Wood,
Newbold Farm,
Duntisbourne Abbots,
Cirencester,
Gloucestershire

Short termism taken to extremes

From Mr Douglas Wood.

Sir, The past two decades have seen almost continual currency turbulence, with major currencies drifting 20 or 30 per cent either side of their long-term competitive level.

Given the openness of the UK economy to international trade, the damage inflicted on the manufacturing sector by wild fluctuations in exchange rates is considerable. The UK government does not seem to recognise that overvaluation, particularly when supported by high interest rates, creates a killing field for manufacturing, leading to capacity and market share losses not automatically recovered in any subsequent periods of sterling undervaluation.

This issue is particularly acute for energy intensive sectors such as metals or chemicals. The present collapse of the dollar makes it impossible for such companies to recover existing sterling energy costs in the international market, never mind the intended increases.

Yet the same falling dollar produces savings in the oil and gas purchases of the energy corporations. It seems to be taking traditional British short-termism to extremes for energy authorities to pocket windfall profits at the expense of the contraction of a major element of their demand base.

Their failure to provide internationally exposed customers with the option of long-term dollar or DM pricing is only explicable in terms of the lead shown by Whitehall – which has again been stonewalling complaints of excessive energy costs in the confident knowledge that a sterling collapse is likely to restore the competitiveness of UK energy prices before action is forced on it.

Douglas Wood,
Manchester Business School,
Booth Street West,
Manchester.

The rush should be slowed down

From the NALGO National Officer for Electricity Staffs.

Sir, Your leader (February 3) rightly argues for full public consultation and debate on the costs and benefits of electricity privatisation.

Even among those who firmly favour privatisation there is little agreement over the best way to approach it. By producing a White Paper for rapid decision, rather than a Green Paper which would allow time for widespread consultation of all sides in the electricity industry and beyond, the Government is giving the impression that it is plunging ahead regardless.

Your correspondent, Max Wilkinson, says that 70 per cent of the public are either hostile or indifferent to electricity privatisation. Should they not have the right to a proper public debate? Mr Cecil Parkinson, the Energy Secretary, ought to be told to slow down his rush to get one of our most effective and efficient industries into private hands.

Michael Jeram,
NALGO,
1 Mabledon Place, WC1

Reverse takeover remembered

From Mr Ian Coulter.

Sir, Centenarians can be forgiven the occasional lapse of memory – or even selective recall. For the Financial Times to forget the most successful regal reverse takeover in British history is, hoever, no way to celebrate your 100th birthday.

Jonathan Sale, writing about Charles I (Weekend FT, January 30), honours him as "the first Stuart monarch." Has Charles's father, James VI of Scotland (1566-1625) – and I of England (1603-1625) – become a non-person?

Ian Coulter,
23 Myddelton Square, EC1

Guided into the way of ancient footsteps

From Professor Frank Kermode.

In his lofty and ill-informed review of The Literary Guide to the Bible (January 16) George Watson says that "metre is hardly considered at all – a surprising omission in a guide devoted to literary values."

Had he looked more carefully inside the book he might have come upon the chapter by Robert Alter, which deals authoritatively with "The Characteristics of Ancient Hebrew Poetry," and would have done much to remedy the ignorance implied by his complaint. He might also have noticed that Francis Landy, discussing the Song of Songs, writes that "Hebrew poetry has, as far as we know, no equivalent of metre," adding a note intended to guide more attentive readers to expert discussions of this difficult subject.

Apparently George Watson holds the view, which he says is "surprisingly common in academia," that getting things right is not a matter of importance. It is an attitude readers are unlikely to approve in reviewers.

Frank Kermode,
27 Luard Road,
Cambridge

Not such a simple life

From Miss E. Havill.

Sir, in his review of A History of GKN: Innovation and Enterprise, by Edgar Jones, Geoffrey Owen describes the early ironmasters as non-conformists leading simple lives. His illustration is of Lady Charlotte Guest and her husband.

In fact, Sir John abandoned his father's Methodism and became an Anglican, with a pew in Dowlais, paid for annually. Like the other Dowlais ironmasters he had a fine house; his table supplied with grapes and pineapples from his hothouses, and fine wines. The Guests also had a town house in Spring Gardens, where brilliant dinners, concerts and balls were held, and in 1846 they bought Canford Manor in Dorset, which was sumptuously renovated by Sir Charles Barry.

E. Havill,
60 Huntington Close,
West Cross,
Swansea

Bad news is news and good news is no news

From Mr C.D. Grant.

Sir, Mr Roddy Macleod (Letters, January 28) is not the only person irritated by the anti-UK stance of many domestic commentators, analysts and media. I offer some reasons for this phenomenon.

The consistently poor performance of the UK economy and much of its corporate sector in the pre-Thatcher years gave rise to an expectation of failure. This is so deep-rooted that the success of the Thatcher years has yet to impinge on it. One frequently hears and reads journalists still referring to the economy in the old disparaging terms, as though we were still in economic difficulties. They continue to use the "State of the Economy" as an explanation for all ills.

This is exacerbated, I suspect, by the reluctance of many economists – and others – to accept that the policies they so vociferously opposed have achieved the success that their own muddled theories, developed during the years of failure, could not. It will take a generation to change these attitudes.

For similar reasons, many commentators have an unreasonably high opinion of almost any foreign economy (and foreign companies), in particular the Deutsche Mark block, against which unfavourable comparisons continue to be drawn. (Opal statistics show that since 1983 an investment in a foreign currency cash fund would have performed significantly less well than a simple sterling deposit with income re-invested.)

These attitudes create strange paradoxes. Many analysts predict a small fall in sterling this year – a prediction based mainly on balance of payment considerations. Yet it is not many years since they were telling us to buy dollars because of US expansion and growth, demonstrated by the growing US trade deficit. Research by James Capel, which indicates essentially healthy underlying reasons for any short term UK balance of payments deficits, seems to have received no publicity.

It appears to be a tradition that journalists must criticise; and that if they cannot find anything to criticise they are not doing their jobs properly. (This is not confined to financial journalists.) In general it has given rise to the notion that the only worthwhile journalism is critical investigative journalism.

This is tied up with the British characteristic of shying away from praise – especially of the successful, lest it be thought sycophantic. Thus: for your Lex column to congratulate Hanson on another year's success would be bad form.

Finally – as has so often been remarked – bad news is news and good news is no news. That is perhaps more true in the UK than anywhere else.

C.D. Grant,
Le Camp Barn,
Rue de la Hougue,
Castel,
Guernsey, Channel Islands.

From Mr J.M. Reid.

Sir, When executives are recruited, assessment is based on their past experience and achievement, with a judgment on their projected performance in the new role. Such appointments should be made with confidence, and time is needed before any worthwhile comments can be made on progress.

Despite the commentaries to which Mr Roddy Macleod referred (Letters, January 28), buying shares in our successful candidates' companies has led us to a good return on our small investments, the October crash notwithstanding. In the real world, people are more important than figures, and they often confound the analysts and the economists.

J.M. Reid,
Executive Search
8a Symons Street,
Sloane Square, SW3

ASKIN AND BIERMANN HIT THE VERNONS POOLS JACKPOT

Thomson T-Line pays out £90m

BY DAVID WALLER

Thomson T-Line, the industrial holdings company, yesterday unveiled details of its long-heralded acquisition of Vernons Pools. It is paying £90m to buy the UK's second largest football pools company from Mr Robert Sangster, the flamboyant race-horse owner.

The complex transaction has been arrived at after nearly two months of negotiations. In mid-December, it became clear that Mr Sangster wanted to sell his family inheritance when he granted Thomson T-Line an option to buy the Vernons' pools and related businesses.

The cash consideration – representing 12 times Vernons' earnings for 1987 – is to be raised by the issue of new ordinary and convertible shares in Thomson T-Line. The company's equity base will more than double as a result, from 71m shares in issue at present to 193m on a full diluted basis.

The shares have been conditionally placed with financial institutions, but will be made available to existing shareholders under an open offer.

Some 81m ordinary shares are to be offered at 70p, against the 108p price at Thomson's shares, which were suspended prior to the deal. The balance of £30m is to be raised by the issue of 28m convertible shares.

The deal is Thomson's most ambitious in the two years since the present joint chairman, Mr Julian Askin and Mr Hugo Biermann, joined what was then a shell company.

Mr Askin said that Vernons' would respond to the disciplines imposed on it as a result of being part of a publicly quoted group. "Up until now, every single penny of cash generated in the business has been Hoovered up and spent on horses," he said.

Cost controls will be tightened up, and an attempt will be made to reduce the proportion of pools businesses conducted via intermediaries who charge a high commission for monies collected. Surplus cash will be deployed in the development of Thomson's other activities in electrical and electronic components, industrial fasteners and chemicals.

Included in the businesses being bought are Norman & Burgess, a printing company, and Vernons Distributions, a direct mail and marketing services company. The largest of the companies is Vernons Pools, which attracts over 20 per cent of the money staked on the pools in the UK.

After interest costs and bloodstock losses, the Vernons' group made pre-tax profits of £7.4m on turnover of £48.4m in the year to July 31 last year.

The businesses acquired include net cash of £10m, which will leave Thomson cash positive after the transaction is completed.

Thomson accompanied details of the issue with the announcement of its interim figures and a forecast that it would make pre-tax profits of no less than £4.6m for the year to April 30. Although considerably higher than the £760,000 in the 16 months to April 30 last year, it is less than the £6m to £6.5m widely expected by stockbrokers.

The company blamed the shortfall on restructuring at a number of subsidiaries; interest from a 4.9 per cent holding in an unidentified listed distribution company and the likely delay in delivery of computer screens to Reuters, the information group.

In the six months to October 31 last year, Thomson made pre-tax profits of £1.2m against a loss of £59,000 in the comparable period. The interim dividend is 0.6p to be followed by a final payment of 0.9p.

Smith New Court £17.5m expansion

BY CLIVE WOLMAN

Smith New Court, securities concern, yesterday announced the £17.5m acquisition of the securities business of Carl Marks and Co, one of the leading US market makers in non-domestic equities.

The consequent merger of Smith's 80-strong staff in New York with Carl Marks, which employs 170 will allow Smith to offer US customers the facility of Carl Marks' custodial services. Smith will also be able to cut its operating costs by using Carl Marks' settlement system, according to Mr Michael Marks, Smith's joint chief executive.

Carl Marks, set up in 1925, is one of the longest-standing dealers in international securities in the US. It now trades in 5,000 securities, with particular emphasis on Canadian, Australian, UK and international gold shares. Its particular attraction for Smith is its large client base of investment managers and broker-dealers all over the US. The growth of Smith's US operations, set up in 1983, has been constrained by its lack of contacts in U.S. regional centres and because it has no custodial service.

The two operations will be integrated completely, with Smith's New York operation coming under the management of Carl Marks. The international trading book will be divided from London to New York each afternoon (London time). Responsibilities will be divided for taking positions in different stocks during the hours of overlap in trading between London and New York.

The terms of the acquisition values Carl Marks' securities business at about $31m (£17.5m), of which tangible assets, in particular securities and cash, amount to $22.6m (£12.7m). The pre-tax profits for 1987 are expected to be well above $3.5m.

Carl Marks' other activities, covering venture capital, real estate and asset management, are not included in the transaction. The acquisition is to be made by the issue of 17.857m convertible preference shares at a price of 98.2p per share. The merchant bank N.M. Rothschild will purchase some of the shares from Carl Marks at a price of 103.1p per share so as to retain its interest in Smith at 32.8 per cent. As a result of these transactions, Carl Marks will own about 8 per cent of Smith's fully diluted share capital.

BP's stake in Britoil rises to 55.5%

BY STEVEN BUTLER

British Petroleum's 500p-per-share offer for outstanding shares of Britoil, the independent oil company, was declared unconditional as to acceptances yesterday, after BP had received valid acceptances for 129.6m Britoil shares, or 25.7 per cent of the company's equity capital.

This brings BP's stake in Britoil to 55.5 per cent, including the 24 per cent stake that it purchased from Atlantic Richfield, the US oil company.

BP yesterday met with Treasury officials to discuss how the Government would use its special share in Britoil, which gives the Government voting control of the company. The meeting follows a similar encounter between the Treasury and Britoil on Thursday.

The Britoil meeting is understood not to have gone beyond a preliminary exchange of views, and little of substance was achieved. Further discussions were expected to take place next week.

Britoil affirmed yesterday that it was still advising shareholders not to accept the BP offer until after the Government's position becomes clear. Britoil has expressed concern that shareholders in the company be protected and is evidently hoping to reach an agreement with BP that would allow for a better offer.

The Government appears ready to allow BP to take effective control of Britoil provided that effective guarantees are put into place concerning Britoil's presence in Scotland and BP's exploration activities in the North Sea.

● The Government said yesterday that the total cost of the BP flotation in the 1987-88 financial year was estimated at £114m, or two per cent of the £5.5bn of proceeds.

The largest single item of expenditure was marketing costs, which came to £39m. Other costs included £3m for advisors fees, £5m for bank registration fees, £36m for underwriting and selling commissions, and £31m connected with overseas sales.

The administrative costs of the Bank of England associated with the repurchase arrangements for the partly-paid shares came to £1.4m.

B&D has 6.3% of Dee and extends offer

Barker & Dobson, the supermarkets and grocery group which decided on Thursday against any alteration in the terms of its £2bn cash and shares bid for Dee Corporation, yesterday announced that it either owned or controlled 6.3 per cent of its target's shares by yesterday's third close. Acceptances have been received in respect of 5.8 per cent of Dee's equity; B&D itself owns about 0.5 per cent.

The bidder is, therefore, extending the offer for a further two weeks. The next, fourth and final, close will be Friday, February 19 – day 60 of the bid.

B&D, meanwhile, is continuing to battle on for control, despite the market's obvious scepticism. Yesterday, it sent a further document to Dee shareholders.

Dee shares slid back 4p to 181p, compared with 176p ahead of B&D's initial bid announcement in mid-December.

Michael Peters doubles in size with £8m buys

BY DAVID WALLER

Michael Peters Group, USM-quoted design and communications consultancy, is to double its size with the acquisition of two companies in related areas.

It is paying a total of £7.68m for Hambrecht Terrell International, New York-based retail design and architectural practice, and Spectrum Communications, London-based consultancy, which specialises in consultancies and staging promotional events.

The consideration consists largely of cash to be raised via a vendor placing of new shares. In total, a little less than £9m will be raised, including £1.25m to cover the costs of the transactions.

The issue is subject to a 100 per cent claw-back from existing shareholders. They are entitled to apply for the new shares on the basis of 0.6296945 of a share for every share held at January 28.

The new shares are being offered at 145p, against the closing price of 163p yesterday, up 2p on the day.

HTI is the bigger of the acquisitions. In the nine months to August 30 last year, it made pre-tax profits of $963,000 (£547,000) on turnover of $7m. Total consideration is $10m.

Spectrum made pre-tax profits of £219,000 on £6.9m turnover last year. The consideration is £2m.

Michael Peters, which joined the USM in September 1983, achieved pre-tax profits of £1.16m on turnover of £12m in its last financial year.

Birmid issues fourth defence document

BY LUCY KELLAWAY

Birmid Qualcast, the lawnmower, boiler and cooker group, yesterday issued its fourth defence document in a final move to escape a hostile £275m bid by Blue Circle.

The document is the fourth in a colourful series sent to shareholders by Birmid during the last five weeks, and is entitled "We don't let the grass grow under our feet".

It argues that its profits and dividend growth have been twice the market average, and that hence Birmid should command an above average rating even in the absence of a bid.

The company claims that the Blue Circle offer does not include any premium for control of the company, and is below the average multiples paid in contested bids since the stock market crash.

Blue Circle yesterday said that comparisons with bid candidates in other sectors was not relevant, and questioned the basis on which Birmid had calculated its ratings.

The defence comes as the Stock Exchange is understood to be conducting an inquiry into dealings in Birmid's shares last week.

Marwan sells his Benlox stake

Dr Ashraf Marwan, the Egyptian financier, has sold his entire stake in Benlox Holdings, the small civil engineering and investment dealing company which launched a paper-only bid for retail giant Storehouse last autumn.

Yesterday, nobody at Benlox was available to comment on Dr Marwan's decision. His last disclosed holding, when the bid ended in mid-December, stood at around 22 per cent.

Yesterday Benlox shares were steady at 36p.

Property sales boost Glass Glover

AN exceptional credit of £1.58m – profit on the sale of property – helped Glass Glover Group to increase its pre-tax profit by 18 per cent from £2.33m to £2.75m in the year to September 30 1987.

At the interim stage, this Doncaster-based food distributor, importer and grower of fruit and vegetables, said the cost of providing produce clients with more sophisticated quality assurance and distribution facilities was putting pressure on margins.

That pressure was aggravated in the second half by an escalation of costs and operational difficulties, primarily at the Wigan and Harlow locations, as significant volume growth coincided with ongoing reorganisation.

Mr Alick Glass, chairman and chief executive, said those problems were being overcome, but would continue to depress earnings in the current year. As in the year under review, profits from the disposal of property vacated during the rationalisation process would partly compensate.

The distribution division continued to make excellent progress, however, and important new contracts had been secured. The benefits of those would be reflected in a significant increase in activity and profitability in 1989 and beyond.

Mr Glass said another feature of the year had been developments in home-grown produce. Marketing arrangements with producer groups and the acquisition of Emmett of Windsor in July, had enabled the company to increase substantially its trade in English fruit and salad vegetables – thus expanding its range and complementing its activities in Continental and overseas produce.

Sale and leaseback arrangements concluded during the year had reduced the group's borrowing requirements, and current capital expenditure was largely pre-funded.

Mr Glass said the poor performance in the first half of the present year would, in the absence of unforeseen circumstances, be followed by a more satisfactory performance in the second six months.

Group turnover during the year rose from £121.03m to £150.17m. There was a trading profit of £2.53m compared with £3.46m.

The pre-tax figure was after the exceptional credit and a loss on associate companies this time of £48,193; overdraft and loan interest less interest on deposits of £404,709 (£569,922), and finance charges on leased assets £911,684 (£560,514).

There was a tax charge of £35,073 (£110,534 credit). After minorities of £61,681 (£103,807), attributable profits came out at £2.65m compared with £2.34m.

The final dividend is increased from 2.54p to 2.8p net for a total of 4.75p against 4.3p, and absorbed £675,244 (£577,526). Stated earnings per 5p share were down from 3.75p to 2.97p.

TSL valued at £10.5m in bid approach

By Andrew Hill

Saint-Gobain, French glass and construction materials group, was yesterday understood to have launched a bid for TSL Group, manufacturer of fused quartz products.

The approach follows Thursday's announcement of TSL's return to pre-tax profits in the year to the end of October.

Early yesterday TSL announced a possible bid approach at 110p a share, valuing the company at about £10.5m, but refused to confirm later that it had been approached by the French group.

Saint-Gobain, the first major French group to be privatised, is one of several major companies thought to be interested in TSL, one of the last independent manufacturers in the field.

It is thought that Kleinwort Benson is acting for the French company. Kleinwort Benson Investment Trust is one of three main shareholders in TSL, with 9.5 per cent of the equity.

The other main holders are Britannic Insurance Company with 12.1 per cent and Scottish American Investment with more than 5 per cent.

TSL's shares rose 15p to 88p on Thursday's figures and added a further 17p to close at 105p after yesterday's announcement.

The directors do not have a substantial shareholding but are likely to fight the offer which they believe undervalues the business.

"I suppose we are attractive to a predator who sees a future in the high-tech area of fused quartz," said Dr Al Roach, deputy chairman, yesterday.

The board is urging shareholders to take no action pending a further announcement.

Mountleigh in agreed bid for Phoenix Prop.

BY DOMINIQUE JACKSON

Mountleigh Group, Yorkshire-based property trading concern run by Mr Tony Clegg, has made an agreed bid for Phoenix Properties and Finance, valuing the company at approximately £61.6m.

The offer values each Phoenix share at 166.5p. The shares rose 11p to 142p on Wednesday and trading was suspended on Thursday amid market speculation that a bid was imminent.

Phoenix switched from tin-mining to property seven years ago. In July 1987, it acquired Rohan group, Irish property developer, for about £44.7m in July 1987, following which its net assets were calculated at £36.5m. It made pre-tax profits of £2.52m in the nine months to September 30 1987.

However, he said the directors had been convinced by both the size of the offer and the excellent quality of Mountleigh's property portfolio.

Mountleigh is offering one new ordinary share and 165p cash for every two Phoenix shares. There is also a loan note alternative.

Phoenix shareholders, including the interests of the directors and their immediate families, have given irrevocable undertakings covering 6.23m shares, or 16.9 per cent of the company's share capital. Mountleigh does not own or control any Phoenix shares.

Mountleigh will issue approximately 18.5m new shares, representing about 6.2 per cent of the enlarged ordinary share capital, to cover full acceptance of the offer.

Upon the offer becoming unconditional, Mr Tony Clegg, chairman of Mountleigh, will also become chairman of Phoenix. Mr Duggan will be appointed chief executive of Stockley, Mountleigh's UK development arm and will be joined on the Mountleigh board by Mr Bruce Bossom, Phoenix property director.

Mountleigh made an abortive bid for Storehouse, retail group, last autumn but succeeded in two other substantial acquisitions, the purchase of Stockley, rival developer, for £365m in May and of Galerias Preciados, Spanish department store chain, for £153m in October.

PosTel Property Services has completed the purchase of a portfolio of shops from Mountleigh for a total price close to £50m.

Scott Robertson sees fall

BY ANDREW HILL

Scott & Robertson, the manufacturer of packaging products and fabrics, is expecting pre-tax profits of at least £1.5m for 1987.

Despite an increase of almost 20 per cent in the volume of polythene film products sold during the year the estimate is down 13 per cent on merger-accounted pre-tax profits of £1.72m for 1986.

Mr Cameron McLatchie, managing director, said that the figures were disappointing, but the company had recovered well from the effects of polymer price increases in the first half.

The directors do not believe that the figures reflect the underlying increase in the strength of the group's business. They forecast pre-tax profits, after charging interest, of about £2.3m for the enlarged group in 1988.

Stock Exchange rules required the announcement of the company's estimates as part of the procedure in Scott & Robertson's £10m acquisition of British Visqueen, ICI's polythene film subsidiary, announced in December.

Visqueen showed an operating loss before interest of £1.1m for the year to December, but this included divisional overhead charges of £1.2m which are not expected to recur.

Firmandale in attempt to lift TR Tech. order

Events at TR Technology Investment Trust moved back into the High Court yesterday, as Jersey-based shareholder, Firmandale, attempted to get the freezing order lifted on its 27 per cent holding. The freezing order – which prohibits Firmandale from voting or disposing of its interest in the investment trust – was imposed in mid-December after TRT and its advisers said they were dissatisfied with responses received under section 212 of the Companies Act. The hearing is expected to take three days.

Mining and Allied

Mining and Allied Supplies is acquiring Thunder Bay Bearings, distributor of engineering supplies to the bulk paper and mining industries in Canada, for a total consideration of C$3m (£1.3m). A rights issue is also proposed.

Dixons increases stake in Wigfalls to 36%

BY NIKKI TAIT

Dixons, electrical goods retailer, continues to nudge up its stake in Wigfalls, Sheffield-based retail group, for which it is making a £16m recommended cash bid. It now owns 1.41m ordinary shares and 1.43m convertible preference, giving itapproximately 36.4 per cent of the votes.

However, Bennett & Fountain, which has made a rival paper-only bid, the terms of which are worth about £2m less, has yet to bow out. Yesterday, Mr Stephen Coleman, finance director, said the company was still exploring a couple of possible avenues, and believed it had some very good support.

It currently either owns or has irrevocable acceptances in respect of 28 per cent of the votes, and points out that most of the loose shares have been shaken out.

Nevertheless, B&F is aware of Dixons' relative clout. "We know the strength of the other side," said Mr Coleman, "and it's not a very comfortable feeling".

P&S 92% ahead to £3.5m

A 92 PER CENT improvement, from £1.82m to £3.49m, in pretax profits was announced by Portsmouth & Sunderland Newspapers, printing and publishing group, for the first 39 weeks of its 1987/88 year. Turnover moved ahead from £37.17m to £46.19m.

Included in the pre-tax result is income from investments of £79,000 (£117,000) and interest receivable less payable of £182,000 (£201,000).

The directors said that the newspaper business continued to benefit from a buoyant advertising market, increased contract printing activity and new newspaper sales.

The group's interest in Croydon Cable TV was reduced during 1986/87 below 20 per cent of the equity following further investments by the partners. The group's share of the results has not therefore been included in the pre-tax figure from April 1986, and corresponding figures for the 39 weeks ended December 27 1986 have been adjusted.

Tax was almost doubled at £1.3m (£546,000) and there was an extraordinary £400,000 (£92,000) debit, which included £200,000 goodwill written off on the purchase of a post office and two retail convenience stores, provision for loss on disposal of a subsidiary of £325,000, and profit on the disposal of an associate of £125,000. Retained profits rose from £983,000 to £1.55m.

The group's replacement depreciation adjustment for the period amounted to £1.32m (£1.06m).

Hillsdown has 3.5% of Tate

BY NIKKI TAIT

SHARES in Tate & Lyle, the British cane sugar refiner, jumped 18p to 809p yesterday, on news that Hillsdown Holdings, the acquisitive food, property and furniture group, has acquired a holding of 2.501m shares, or 3.57 per cent.

Tate said yesterday that the holding had come to light through checks on nominee names, and that it believed the stake had been built up relatively recently. Apart from a courtesy call from Hillsdown, it added that there had been no contact between the two companies and that no meeting was planned.

Hillsdown confirmed Tate's announcement, but would only add, "We do hold stakes in a number of companies." It declined to say whether it planned to purchase more shares. Tate's price fell from almost 940p to a low of 572p in the wake of the October crash, but had recovered to around the 800p-mark by early-January.

The two companies were rival bidders for S & W Berisford, the commodity trading group which took in the British Sugar subsidiary, almost two years ago. Hillsdown, however, bowed out in the wake of a Monopolies Commission reference, selling its stake in Berisford to Italian group, Ferruzzi.

Tate – and Ferruzzi for British Sugar – were blocked by the MMC, and last September Tate sold its Berisford holding for £100m, primarily to the Chicago-based Pritzker family.

Oceonics £7.25m injection

BY DOMINIQUE JACKSON

US industrialists Mr Tony Bryan and Mr John Bryan are taking management control of loss-making marine and defence electronics group Oceonics.

The father and son team form part of an investor group which has agreed to subscribe for a total of 72.5m new ordinary shares at 10p each to raise £7.25m to inject into Oceonics.

The subscription of new shares will, after taking into account present borrowings, leave Oceonics with net cash resources of around £3.6m to fund expansion and diversification of the group.

Following the subscription, the investor group will own approximately 66 per cent of the enlarged share capital. The Takeover Panel has indicated that it will not require a full bid to be made for the company, provided shareholders approve the deal.

Preference shareholders, who have not received a dividend since 1985, are being asked to waive their dividend arrears and accept twelve new ordinary shares and one new preference share, paying 9.25 per cent, for every six old preference shares held.

Oceonics was hit hard by the 1986 slump in oil prices. It posted pre-tax losses of £8.73m in the year to March 1986 but has since managed to improve results, chiefly by implementing a radical rationalisation programme.

The company's results for the six months ended September 30, 1987, published yesterday, show a pre-tax loss of £1.04m against pre-tax losses of £1.97m in the corresponding period. in 1986. The loss per share was 3.2p (6.8p loss).

In the light of the improvement in Oceonics' performance, Mr John Bryan said the issue of new shares should not be seen as a bail-out but as an infusion of new capital to enable the company to finance the heavy research and development demands of new projects.

The new management plans to develop the defence electronics business, thereby reducing the company's dependence on the offshore oil and gas industries, he added.

The Bryans will each subscribe for 16.9m new shares, Euro-Equities, a Guernsey-based investment holding company, will subscribe for 33.7m shares and York Trust, a financial services group, will subscribe for 5m shares.

Mr Tony Bryan is chairman and chief executive of US steel firm Copperweld Corporation of Pittsburgh and Mr John Bryan is vice-president and finance director of EnCom Telecommunications, a satellite communications company.

Under the terms of the agreement, Mr Tony Bryan will become chairman and chief executive of Oceonics. Current chairman, former Thorn EMI chief Mr Peter Laister becomes deputy chairman. Mr John Bryan and Mr Neil Balfour MP of York Trust will also join the board.

Oceonics' shares fell 1p to 19p.

J & J Dyson progresses

Improved interim pre-tax profits – up from £409,000 to £551,000 – were yesterday reported by J & J Dyson, Sheffield-based holding company with interests in the manufacture of refractory materials and articulated trailers.

Mr Edward Bales, the chairman, said that after more than a decade of rationalisation and reorganisation, the prospects were good, and the company was in safe and capable hands.

Mineral resources, after a prolonged development phase, was moving towards maximum production. Efforts to promote activity on the company's two other sites were being pursued.

The builders' merchants company continued to increase its profitability, and he said the outlook appeared very favourable. The order book for trailers was healthy and a better second half was anticipated.

An unchanged interim dividend of 2p is being paid, and stated earnings per 25p share were again 2.8p.

Turnover for the six months to September 30 1987 improved from £22.12m to £23.7m. There was a tax charge of £167,000 compared with £25,000.

Mr Bales is to retire on May 23 and his successor will be Mr Richard D Field. Mr T M O'Brien will be appointed deputy chairman and chief executive.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
J&J Dyson ....int	2	Apr 5	2	-	4.5
Glass Glover ....fin	2.8	Apr 1	2.54	4.75	4.3
Thomson T-Line ....int	0.6	Apr 2	3♠	-	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.♠ On shares of 25p and for 16 months to Apr 30 1987.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§71½	F.P.	-	73	70	Assoc. Henriques 5p	70		M2.5	-	4.9	-
§72	F.P.	12/2	78	70	Atlantic Securities 5p	78		-	-	-	-
330	120	-	92	70½	British Petroleum	77	-½	N12.5	1.5	6.0	14.3
§120	F.P.	-	145	131	§Carron Phoenix 10p	145		R3.5	2.7	3.3	15.1
§100	F.P.	-	113	100	§Hatfield Estates 10p	111	-2	R1.5	10.2	1.9	7.3
52	F.P.	-	68	62	In Shops 5p	67		R1.3	2.6	2.6	16.9
†	F.P.	12/2	41	35½	§Konick 10p	35	-½	1.0	2.4	3.9	13.9
§114	F.P.	-	121	115	§Sykes-Pickavant 10p	118	+2	R5.25	2.0	6.1	11.1
§130	F.P.	-	138	131	TGI Group 1p	128	-3	R4.75	3.0	5.1	9.1
§80	F.P.	-	90	85	§Tituo 5p	85		u2.35	2.7	3.8	13.4
††	F.P.	-	23	18	Verson Intl. 10p	17½	-1	b0.33	2.7	2.6	15.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
-	-	-	110	90½	Ansbacher(H.)9pc.Cnv.Sub.Ln.1998	107½	+5
-	F.P.	-	132p	123p	Blue Circle 7¾pc. Cnv.Cum.Red.Pref.	128p	-1
§91.54	£50	11/2	51¼	48¾	Brit.&Comm.10¾pc.Un.Ln.2012	50¾	
100	F.P.	-	112p	106p	§Citygrove 7¼pc. Cum.Cnv.Red.Prf.87	112p	
†	F.P.	-	130p	113p	Granada 7.5p Cnv.Prf.	128p	-1
100	Nil	15/6	13pm	10pm	Grt. Prtlnd. Est. 9½pc.Cv.Uns.Ln 2020	12pm	-1
100	F.P.-	-	116	108	Morgan Crucible 7.5pc Net.Cv.Cm.Rd.Pf.	114	-2
-	F.P.	-	100¼	100	N'wide Anglia 9⅞pc 23.1.89	100¼	
165	Nil	2/3	187p	170p	§Sharpe & Law 8½pc.Cm.Rd.Pf 10p	170p	
100	F.P.	-	115p	100p	§Willaire Fixed Rate Cnv.Cum.Red.Prf.	113p	
-	F.P.	-	131	131	Woolworth 8½pc. Cnv Uns Ln 2000	131	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
IR300	Nil	-	70pm	65pm	Crean (J.)	70pm	
10	Nil	-	11pm	4pm	Hestair Group 10p	[illegible]	
26	Nil	-	[illegible]	[illegible]	[illegible]	[illegible]	
210	Nil	-	[illegible]	[illegible]	[illegible]	[illegible]	
15	Nil	16/3	9pm	5pm	Verson Intl. 10p	5pm	

Renunciation date usually last day for dealing free of stamp duty. a Amended or estimated dividend. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Forecast, annualised dividend, cover and p/e ratio based on latest annual earnings. u Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates for 1989. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. † Issued by tender. ‡ Offered to holders of ordinary shares as a rights. § Introduction. ¶ Placing price. †† Reintroduction. ‖ Issued in connection with reorganisation, merger or takeover. ¶ Allotment price. § Unlisted securities market. ♦ Official London listing. ● Including warrants entitlement. * Third Market.

صورة من الأصل

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 4 1988					WEDNESDAY FEBRUARY 3 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	95.27	-2.4	80.14	89.38	5.07	97.58	81.85	91.16	180.81	85.36	104.31
Austria (16)	87.00	-0.1	73.19	76.34	2.74	87.07	73.03	76.23	102.87	85.53	94.32
Belgium (48)	110.00	+2.2	92.53	96.30	4.99	107.62	90.27	93.82	134.89	94.63	102.56
Canada (127)	108.14	+1.0	90.96	99.52	3.22	107.06	89.80	98.84	141.78	98.15	119.22
Denmark (38)	114.75	+0.6	96.52	100.90	2.93	114.11	95.71	100.10	124.83	98.18	121.19
Finland (23)	109.34	-0.1	91.98	94.29	1.80	109.48	91.84	93.98	–	–	–
France (123)	78.05	+1.2	65.66	69.82	4.28	77.11	64.68	68.86	121.82	72.77	108.36
West Germany (94)	70.70	+1.6	59.47	62.13	2.98	69.59	58.37	61.07	104.93	67.78	86.15
Hong Kong (46)	87.68	-2.1	73.75	87.71	6.00	89.54	75.10	89.67	158.68	73.92	104.44
Ireland (14)	112.21	-0.5	94.39	100.45	4.52	112.74	94.57	100.67	160.22	93.50	113.15
Italy (94)	64.74	-1.4	54.46	60.10	3.19	65.69	55.10	60.90	112.11	64.74	99.76
Japan (457)	148.79	+0.2	125.16	120.86	0.58	148.43	124.50	120.00	161.28	100.00	115.04
Malaysia (36)	113.89	-1.6	95.81	112.73	3.31	115.69	97.04	114.22	193.64	93.76	119.80
Mexico (14)	134.70	+9.3	113.31	334.91	1.06	123.29	103.42	305.79	422.59	90.07	121.26
Netherland (37)	97.79	+0.1	82.26	84.71	5.31	97.68	81.94	84.51	131.41	87.70	103.40
New Zealand (24)	66.89	-3.4	56.26	53.29	6.16	69.26	58.10	54.94	138.99	66.89	90.42
Norway (24)	100.09	-0.4	84.19	86.91	3.14	100.46	84.27	87.13	185.01	95.51	108.67
Singapore (26)	102.47	-1.3	86.20	95.36	2.54	103.82	87.08	96.59	174.28	81.21	108.59
South Africa (61)	118.77	+0.5	99.91	76.37	5.46	118.16	99.12	75.42	198.09	100.00	110.04
Spain (43)	134.51	-0.3	113.15	116.07	3.51	134.90	113.16	116.35	168.81	100.00	116.06
Sweden (34)	106.35	-0.2	89.46	95.40	2.61	106.60	89.42	95.36	136.64	88.50	97.04
Switzerland (53)	78.20	+1.9	65.78	67.00	2.48	76.78	64.40	65.67	111.11	73.65	96.39
United Kingdom (329)	128.81	-0.3	108.35	108.35	4.33	129.17	108.35	108.35	162.87	99.65	113.52
USA (587)	103.02	+0.0	86.66	103.02	3.62	103.03	86.42	103.03	137.42	91.21	116.01
Europe (970)	99.47	+0.2	83.68	86.02	3.96	99.24	83.25	85.63	130.02	92.25	103.94
Pacific Basin (682)	144.33	+0.1	121.41	118.32	0.80	144.15	120.92	117.64	158.77	100.00	114.17
Euro–Pacific (1652)	126.41	+0.2	106.33	105.44	1.80	126.21	105.86	104.87	143.65	100.00	110.10
North America (714)	103.29	+0.1	86.89	102.84	3.60	103.24	86.60	102.80	137.55	91.68	116.18
Europe Ex. UK (641)	81.31	+0.7	68.40	71.94	3.61	80.72	67.71	71.29	111.97	78.89	94.24
Pacific Ex. Japan (225)	90.54	-2.3	76.17	85.67	5.26	92.65	77.71	87.46	164.03	82.92	102.84
World Ex. US (1854)	125.71	+0.2	105.75	105.05	1.88	125.47	105.24	104.46	143.38	100.00	110.44
World Ex. UK (2112)	115.76	+0.2	97.38	103.89	2.26	115.56	96.94	103.47	138.82	100.00	112.54
World Ex. So. Af. (2380)	116.90	+0.1	98.34	104.51	2.45	116.76	97.94	104.13	139.47	100.00	112.64
World Ex. Japan (1984)	101.64	+0.0	85.50	95.99	3.80	101.60	85.22	95.87	134.22	92.98	111.48
The World Index (2441)	116.92	+0.1	98.35	104.31	2.47	116.77	97.95	103.93	139.73	100.00	112.63

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	4,600	Enterprise Oil	4,500	Prudential	810
Allied-Lyons	2,700	Fisons	1,400	Racal	3,500
Amstrad	4,800	Gen. Accident	930	Rank Org.	632
Argyll Group	5,300	Gen. Elect	8,200	RMC	421
Assoc. Brit. Foods	41	Glaxo	3,400	RHM	931
BAA	3,400	Globe Investment	402	Reckitt & Col.	178
BAT	1,900	Granada	173	Redland	1,100
BET	586	Grand Met.	820	Reed Intl.	2,000
BICC	328	GUS A	291	Reuters	1,000
BOC	1,100	Guardian R.E.	174	RTZ	1,000
BPB Inds	478	GKN	884	Rolls-Royce	4,800
BTR	2,200	Guinness	5,700	Rothmans	356
Barclays	1,900	Hammerson	118	Rowntree	320
Bass	447	Hanson Trust	7,700	Ryl Bank Scotland	638
Beecham	3,000	Hawker Sidd	5,400	Royal Insurance	370
Blue Arrow	2,800	Hillsdown Hldngs	1,600	STC	833
Blue Circle	729	IMI	146	Saatchi & Saatchi	687
Boots	2,600	ICI	1,700	Salnsbury	722
Brit. Airways	4,100	Jaguar	1,600	Scott & Newcastle	819
Brit. Aero	5,100	Ladbroke	986	Sears	2,300
Brit. & Comm.	740	Land Securities	876	Sedgwick	891
British Gas	11,000	Laporte	6	Shell Trans	1,100
Britoil	2,500	Legal & Gen.	3,100	Smith & Nephew	911
BP	4,500	Lloyds Bank	1,950	Standard Chart.	352
Brit. Telecom	9,900	LASMO	1,400	Storehouse	1,900
Bunzl	2,000	Lonrho	4,000	Sun Alliance	540
Burmah Oil	1,700	Lucas	591	T & N	787
Burton	1,400	MEPC	351	TSB	4,600
Cable & Wire	3,700	Marks & Spencer	1,100	Tarmac	580
Cadbury Schwps	554	Maxwell Comms.	1,850	Tesco	4,800
Coats Viyella	1,500	Metal Box	678	Thorn EMI	856
Comm. Union	1,950	Midland Bank	1,500	Trafalgar House	1,500
Cons. Gold	472	NatWest Bank	780	T'house Forte	1,600
Cookson	1,000	Next	1,800	Ultramar	2,600
Courtaulds	1,500	Northern Foods	3,000	Unilever	1,200
Dalgety	267	Pearson	1,015	United Biscuits	3,600
Dee Corpn	8,200	Pearl Assurance	426	Wellcome	1,500
Dixons Group	1,900	P & O	2,500	Whitbread A	298
English China Clays	414	Pilkington Bros	2,300	Woolworth	1,300
		Plessey	2,600		

ECONOMIC DIARY

TODAY: Meeting of a special review body of the TUC looks into union structure and organisation in London.

MONDAY: Retail sales (December-final). Credit business (December). Producer price index numbers (January-provisional). Financial Times holds conference "The European food and drink industry" at Hotel Inter-Intercontinental, W1 (until February 9). European Community Agricultural Council meets in Brussels (until February 9). European Community political co-operation meeting in Bonn, King Hussein of Jordan attends. US presidential caucuses in Iowa. Mr Raymond Barre, former French Prime Minister, is expected to announce he is running for President against Mr Jacques Chirac.

TUESDAY: European Community Finance Council meets in Brussels. National Union of Farmers holds annual conference at Kensington and Chelsea Town Hall (until February 10).

WEDNESDAY: Overseas travel and tourism (November). TUC economic committee meets. Hong Kong Government expected to release White Paper on democratic reform. Sandinistas and Contras hold second round of cease fire talks in Guatemala (until February 12). Euromoney conference on financial law at Hotel Inter-Continental, London W1 (until February 11).

THURSDAY: Provisional figures of vehicle production (January). Financing of the Central Government Borrowing Requirement (fourth quarter). United Kingdom banking sector statistics (fourth quarter). Money stock (fourth quarter). Gulf Co-operation Council meets in Riyadh. Start of three-day Financial Times seminar on the City at Plaisterers Hall, London EC2. US publishes retail sales figures for January (seasonally adjusted). BOC Group issues interim figures.

FRIDAY: Tax and price index (January). Retail price index (January). Usable steel production (January). US publishes statistics for external trade (December), producer prices (January) and industrial production (January).

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday February 5 1988						Thu Feb 4	Wed Feb 3	Tue Feb 2	Year ago (approx)	Highs and Lows Index			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (209)	729.03	-1.7	9.90	3.99	12.67	1.05	741.66	740.98	741.92	798.14	1038.07 16/7/87	618.07 10/11/87	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (30)	974.92	-1.7	10.06	3.87	12.36	0.43	991.64	988.68	989.04	974.37	1381.88 16/7/87	798.03 4/12/87	1381.88 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1467.85	-1.1	9.24	3.39	14.37	0.38	1483.95	1479.63	1479.27	1364.23	1951.50 16/7/87	1115.39 10/11/87	1951.50 16/7/87	71.48 2/12/74
4	Electricals (12)	2005.36	-1.7	9.30	4.83	13.93	0.00	2040.47	2042.74	2056.04	1966.53	2733.45 20/7/87	1661.76 10/11/87	2733.45 20/7/87	84.71 25/6/62
5	Electronics (32)	1461.45	-1.8	11.06	3.61	11.80	6.09	1488.14	1482.68	1486.08	1810.92	2236.70 17/7/87	1375.66 1/12/87	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (57)	378.75	-2.2	9.86	4.41	12.80	0.19	387.13	388.89	398.00	447.34	544.57 14/10/87	296.26 10/11/87	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	436.24	-1.4	9.87	3.84	12.22	0.00	442.50	441.97	444.78	419.21	596.67 9/10/87	348.64 9/11/87	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	271.12	-2.0	11.18	4.29	10.41	0.00	276.72	278.25	277.95	317.25	411.42 13/10/87	221.69 4/12/87	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1228.38	-1.5	8.49	4.23	13.99	2.67	1246.54	1243.14	1242.64	1338.00	1736.80 22/9/87	1051.78 10/11/87	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (184)	1020.86	-1.5	8.70	3.59	14.66	0.62	1036.26	1038.94	1044.63	1088.88	1406.32 16/7/87	919.77 9/11/87	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	968.91	-1.5	11.44	4.07	11.04	0.02	983.18	982.01	987.06	1019.64	1269.35 16/7/87	877.37 9/11/87	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	838.22	-1.3	9.12	3.85	14.18	1.06	849.56	852.08	855.41	834.18	1092.25 16/7/87	726.65 9/11/87	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (16)	2028.27	-1.7	7.86	3.13	17.12	4.19	2062.48	2088.61	2080.33	2039.79	2649.96 16/7/87	1848.05 10/11/87	2649.96 16/7/87	54.25 11/12/74
27	Health and Household Products (10)	1765.43	-1.2	6.66	2.54	17.92	0.03	1786.30	1784.71	1802.62	2012.16	2699.85 16/7/87	1590.82 10/11/87	2699.85 16/7/87	175.38 28/5/80
29	Leisure (31)	1191.88	-0.9	7.76	3.96	16.05	0.00	1201.57	1204.65	1211.05	1123.66	1504.79 13/10/87	943.07 9/11/87	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (16)	498.35	-0.6	8.58	3.69	15.34	0.46	501.48	508.16	500.63	578.05	739.48 16/7/87	427.56 10/11/87	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3403.76	-2.0	6.69	4.34	18.78	4.11	3474.13	3467.47	3503.21	3383.62	5070.66 5/10/87	2713.49 2/1/87	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	814.72	-2.1	9.36	3.77	14.32	0.25	831.94	835.13	842.10	942.26	1160.58 29/7/87	749.46 3/12/87	1160.58 29/7/87	52.63 6/1/75
35	Textiles (17)	570.05	-1.4	11.50	4.11	10.03	0.00	578.01	580.60	582.67	647.00	914.52 2/10/87	515.17 30/11/87	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (92)	858.21	-1.5	10.72	4.31	11.63	0.57	870.88	870.28	873.23	933.47	1192.48 8/10/87	759.10 10/11/87	1192.48 8/10/87	58.63 6/1/75
41	Agencies (19)	1066.37	-2.0	6.84	2.28	18.74	0.61	1088.26	1103.17	1108.75	1270.03	1795.57 17/7/87	870.35 4/12/87	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (20)	1019.51	-1.7	10.04	4.59	12.23	3.22	1037.06	1039.08	1046.64	1241.43	1545.46 5/10/87	920.61 10/11/87	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	1144.50	-0.8	10.47	4.63	11.11	0.00	1153.31	1153.42	1157.97	1190.35	1547.01 8/10/87	975.19 10/11/87	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (11)	1816.78	-2.1	9.20	4.52	14.24	0.00	1856.45	1853.41	1856.66	1779.38	2497.85 16/7/87	1535.32 9/11/87	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	930.38	-1.4	11.57	4.55	11.50	0.00	943.60	936.78	937.85	960.70	1274.14 9/6/87	813.40 7/12/87	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (27)	1150.11	-1.3	13.11	4.12	9.09	0.16	1165.85	1165.90	1172.79	1243.29	1773.70 5/10/87	1039.40 10/11/87	1773.70 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (485)	911.24	-1.5	9.56	3.89	13.18	0.76	925.43	926.13	929.70	983.50	1268.86 16/7/87	804.87 10/11/87	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (15)	1750.90	-1.3	9.49	5.62	12.99	0.00	1774.47	1765.51	1764.45	1690.11	2458.68 16/7/87	1487.60 2/12/87	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	982.42	-1.5	9.55	4.15	13.15	0.70	997.41	997.28	1000.46	1043.23	1369.88 16/7/87	867.65 10/11/87	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (123)	649.22	-1.4	–	4.87	–	0.21	658.61	658.68	661.91	666.52	896.67 13/10/87	565.33 10/11/87	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	666.72	-1.4	19.86	5.89	6.65	0.00	676.46	674.54	677.24	741.59	898.38 16/7/87	577.39 4/11/87	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	962.48	-0.8	–	4.78	–	0.00	970.72	973.74	985.10	955.75	1285.72 9/10/87	821.55 9/11/87	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	494.13	-2.2	–	5.57	–	0.00	505.07	507.11	512.05	515.59	707.58 13/10/87	448.44 1/12/87	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	880.22	-3.0	13.76	7.33	9.27	0.00	907.63	908.06	902.86	1192.87	1399.56 17/7/87	709.92 9/11/87	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	342.72	-1.1	–	4.16	–	0.00	346.36	347.08	348.75	366.74	547.59 12/10/87	306.65 10/12/87	547.59 12/10/87	31.21 7/1/75
69	Property (52)	1010.49	-1.2	5.24	3.04	24.35	0.32	1022.96	1019.72	1022.56	839.09	1374.86 16/7/87	885.82 5/1/87	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	382.61	-1.2	9.92	4.43	12.71	1.10	387.08	389.00	389.37	410.48	603.48 16/7/87	339.79 1/12/87	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (85)	837.72	-0.8	–	3.06	–	0.81	844.58	846.69	848.77	933.29	1207.90 5/10/87	726.15 10/11/87	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	400.32	-3.0	11.36	4.26	9.92	0.00	412.79	417.88	420.90	381.81	727.93 3/8/87	336.91 10/11/87	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1009.31	-1.3	10.31	5.35	11.48	0.00	1022.46	1029.06	1031.35	837.34	1364.12 13/10/87	778.26 2/1/87	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (718)	892.44	-1.5	–	4.24	–	0.57	905.88	906.07	909.22	941.18	1238.57 16/7/87	784.81 10/11/87	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Feb 4	Feb 3	Feb 2	Feb 1	Jan 29	Year ago				
	FT-SE 100 SHARE INDEX ♦	1737.8	-29.1	1766.3	1731.5	1766.9	1766.3	1774.4	1776.9	1790.8	1898.4	2443.4 16/7/87	1565.2 9/11/87	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 5	Day's change %	Thu Feb 4	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.77	-0.04	122.82	–	1.08
2	5-15 years	139.05	-0.30	139.46	–	1.31
3	Over 15 years	149.02	+0.02	148.99	–	0.58
4	Irredeemables	163.47	-0.89	164.94	–	0.00
5	All stocks	136.28	-0.18	136.52	–	1.11
	Index-Linked					
6	5 years	124.86	-0.02	124.88	–	0.00
7	Over 5 years	116.61	+0.41	116.14	–	0.36
8	All stocks	117.13	+0.37	116.69	–	0.33
9	Debentures & Loans	117.83	-0.23	118.18	0.07	0.70
10	Preference	86.55	-0.13	86.66	–	0.33

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 5	Thu Feb 4	Year ago (approx.)	1987/88 High	1987/88 Low
	British Government						
1	Low	5 years	8.94	8.89	9.15	9.92 19/10/87	7.52 11/5/87
2	Coupons	15 years	9.32	9.28	9.70	10.27 19/10/87	8.53 8/5/87
3		25 years	9.21	9.20	9.71	10.08 2/1/87	8.55 8/5/87
4	Medium	5 years	9.53	9.46	10.13	10.80 2/1/87	8.39 8/5/87
5	Coupons	15 years	9.53	9.49	9.95	10.51 19/10/87	8.74 8/5/87
6		25 years	9.38	9.35	9.82	10.24 19/10/87	8.75 8/5/87
7	High	5 years	9.61	9.55	10.18	10.84 2/1/87	8.58 8/5/87
8	Coupons	15 years	9.68	9.63	10.10	10.67 19/10/87	8.86 8/5/87
9		25 years	9.41	9.37	9.83	10.31 19/10/87	8.72 8/5/87
10	Irredeemables†		9.32	9.24	9.65	10.30 19/10/87	8.41 9/11/87
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.45	2.42	3.18	4.03 19/10/87	2.03 20/5/87
12	Inflation rate 5%	Over 5 yrs.	3.87	3.89	3.68	4.63 19/10/87	3.30 6/4/87
13	Inflation rate 10%	5 yrs.	1.53	1.49	1.63	4.14 19/10/87	0.85 24/3/87
14	Inflation rate 10%	Over 5 yrs.	3.71	3.73	3.53	4.65 19/10/87	3.17 27/3/87
15	Debs &	5 years	10.85	10.85	10.67	11.86 20/10/87	9.46 12/6/87
16	Loans	15 years	10.83	10.80	10.79	11.67 20/10/87	9.79 23/3/87
17		25 years	10.83	10.80	10.80	11.49 20/10/87	9.84 23/3/87
18	Preference†		10.51	10.50	11.24	11.83 2/1/87	10.05 22/6/87

♦Opening index 1765.5; 10 am 1766.1; 11 am 1758.5; Noon 1753.1; 1 pm 1745.8; 2 pm 1745.5; 3 pm 1743.7; 3.30 pm 1744.3; 4 pm 1732.6

CONSTITUENT CHANGES: Ailsa(71) and Minet Holdings(67) have been deleted.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

SALE OF SOME GOLD INTERESTS KEEP GROUP IN PROFIT

Amax takes $385.6m charge

BY KENNETH GOODING, MINING CORRESPONDENT

AMAX, the US natural resources group, took a $385.6m charge in its fourth quarter last year to cover the costs of reducing its loss-making molybdenum business by about one-third.

However, the sale of part of its gold interests and other gains enabled Amax to report net earnings of $51.2m or 53 cents a share for 1987. In 1986 the company reported its first profit for five years – $14.3m net or 5 cents a share.

The $385.6m charge produced a fourth-quarter loss of $280.8m or $2.88 a share against a deficit of $49.7m or 70 cents a year earlier. It covers permanent closure of the Kitsault mine in Canada and a writedown of the underground operations and related facilities at the Climax mine in Colorado.

Amax said this would cut its molybdenum capacity by 35m lbs a year to about 65m lbs. Molybdenum is used as a hardening agent for steel and as a chemical. Over-production has left a year's stocks overhanging the market.

Mr Alan Born, chief executive, in remarks prepared for analysts, said: "This reflects our strategy of resizing the business to match industry fundamentals." The molybdenum operations should break even in 1988 and "might even make some money" with some luck, Mr Born said.

Mr Born said he expects Amax to produce about 31m lbs of molybdenum in 1988 against 27m lbs last year.

Amax also included a $6m writedown of oil and gas properties in its 1987 results. In 1986 there was a $80.9m charge for discontinued operations and restructuring.

Gains last year included $279.1m from the sale of 11 per cent of Amax Gold; $43.9m from pension reversions and £38.3m from the sale of oil and gas interests in the Dutch North Sea.

In comparison, 1986 earnings included a gain of $80.1m from recovery of excess pension assets.

Repayment of more than $1bn debt – from $2.3bn at end-1986 – would reduce Amax's interest payments from more than $190m last year to under $150m in 1988, said Mr Born.

Amax expects another strong year in aluminium in 1988, a slight drop in earnings from coal and increased gold shipments.

Mr Born said aluminium shipments are expected to drop to over 1.7bn lbs this year from 1.9bn in 1987 due to lower primary aluminium shipments. But "1988 results should compare favourably with 1987 because of an expansion of downstream product lines that are doing very well," he added.

Coal shipments should be about flat at 39m short tons this year, but operating earnings will be off five to 10 per cent, he said.

Amax's gold production at the Sleeper Mine in Nevada should hit 200,000 ounces this year, up from 158,000 in 1987.

Move to overthrow Lion merger

By Terry Hall in Wellington

MALAYAN BREWERIES is to mount a legal battle to try to overturn a proposed merger between New Zealand's biggest brewer, Lion Corporation, and retailer L.D. Nathan.

Malayan Breweries, which is owned by Dutch brewer Heineken and Singapore-based Fraser and Neade, is attempting to frustrate the merger, apparently because it would leave them in a minority position in the new larger company to be called Lion Nathan. It has a 22 per cent stake in Lion.

The merger with L.D.Nathan has been promoted by Lion's managing director, Mr Douglas Myers, who has a personal shareholding of 30 per cent.

Yesterday, New Zealand-based directors announced that Lion is to buy a 35 per cent interest in Nathan from Fay Richwhite, the Dutch merchant bank and then offer the other Nathan shareholders a one-for-one exchange for Lion shares.

Lion is to pay NZ$351m (US$234m) cash for the 35 per cent of Nathan, a price of NZ$9.20 a share, representing a premium of NZ$3.30 a share.

It was announced yesterday that the merger will be subject to a further legal challenge from Malayan Breweries, which has already been trying to unearth dealings between the New Zealand directors and Fay Richwhite.

On Friday, Malayan Breweries is due to take court action to discover documents said to detail a put option on Fay Richwhite's 38.2m Nathan shares.

Sources close to Malayan Breweries said the document discovery was only the start of a court battle seeking to challenge the payment by Lion of NZ$351.4m for Fay Richwhite's 35 per cent of Nathan.

●Interests associated with Mr Allan Hawkins, chairman of New Zealand's Equiticorp Holdings, bought a 19.8 per cent parcel of Equiticorp shares last month, earlier than planned, to ensure control of the company, and because the price was good, Mr Hawkins said, Reuter reports from Auckland.

He denied the company plans to sell the assets of Guinness Peat Group apart from the merchant bank.

Equiticorp's managing director, Mr Peter Stanes, said the asset sales, due to take place within four to six months, were part of a plan to rationalise Equiticorp's investments.

Foreign securities houses to close Tokyo offices

BY CARLA RAPOPORT IN TOKYO

THE RETRENCHMENT within the international financial community has now touched Tokyo, with the closure of the Wood MacKenzie office and the planned closure of the equity research arm of Midland Montagu.

The two moves are believed to be the first such retrenchment among foreign securities houses in Tokyo. For the past three years at least, foreign stock brokers and banks have rushed to increase their staffing levels on equity research and sales in Japan. Six foreigners are now members of the Tokyo Stock Exchange and 16 more are scheduled to join this year.

Even before the crash in world equity prices in October, however, many companies were becoming nervous about the increasing costs of keeping foreigners in Tokyo. Since the crash, this concern has become audible.

County NatWest, which bought Wood Mackenzie from Hill Samuel in December, stated at the time that it would not necessarily keep the company's international offices going as separate concerns. None the less, some analysts expressed surprise this week that the 10-member Wood Mackenzie team in Tokyo was not merged into County NatWest's Tokyo operation.

Mr Tim Ferguson, managing director of County NatWest in Tokyo, said yesterday: "It just didn't happen to fit with our needs." County NatWest will become a member of the Tokyo Stock Exchange in May.

The Wood Mackenzie team offered themselves as a package to about 20 other securities houses, but were unsuccessful. Instead, the 10 employees, including five foreigners, have either taken up jobs in other foreign companies or returned to Wood Mackenzie in London.

At the same time, Midland Montagu, which is partially owned by the Hongkong and Shanghai Bank, has decided to wind up its English-language equity research service in Tokyo by the end of the month. All eight employees have been offered jobs in other parts of the company, though most are expected to join other firms.

The Midland move follows a decision to close the bank's equity research operations in London and Hong Kong. The Tokyo arm provided research to the London operation.

Federated rejects Campeau

By Anatole Kaletsky in New York

FEDERATED Department Stores, the large US retailing group, yesterday formally rejected the $4.2bn, $47 a share takeover bid launched last month by Campeau Corporation of Canada.

The board also dismissed as "illusory" an unusual proposal from Campeau to pay as much as $61 a share or $5.5bn for Federated, on condition that a friendly merger was agreed by this weekend.

However, Federated seemed to leave the door open to further negotiations with Campeau on the higher offer, provided the Canadian company could come up with "satisfactory evidence of financing commitments" for its bid.

If and when such evidence became available Federated would "consider the proposal, including the adequacy of the price, along with other alternatives the company is now or may then be considering," Mr Howard Goldfeder, chairman of Federated, said in a letter to Mr Robert Campeau, chairman of the Toronto real estate and retailing group.

Federated noted in its rebuff that Campeau's original offer of $47 a share had been described as "grossly inadequate" by Shearson Lehman Hutton, its financial advisers. The bid was an "opportunistic attempt to capitalise on the severely depressed level of stock prices since October 19, 1987."

The price contained "an illusory premium" to Federated's market value, but in reality fell significantly short of the underlying value of the company, the board said.

Federated's stock rose $1 yesterday morning to $57¼.

BHP to sell 61% Rheem stake

BY CHRIS SHERWELL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, is to sell its 61 per cent stake in Rheem Australia, a manufacturer of steel-based and plastic products, as part of a A$1bn (US$709.2m) programme of asset disposals.

An announcement yesterday, two weeks after the steel, petroleum and minerals giant revealed a major restructuring plan, gave the first details of the disposals which will help pay for it.

Mr Brian Loton, BHP's managing director, said divestments worth some A$133m had already been concluded or were in the process of finalisation.

One was for a 20 per cent share in the Worsley bauxite and alumina joint venture in Western Australia, another for a 50 per cent stake in Hydrocarbon Products, a joint venture in Melbourne with Monsanto to produce styrene monomer from benzene and ethane.

Also being divested are BHP's interests in a copper-lead project in Thalanga, Queensland, and BHP Petroleum's interests in three exploration areas in the Surat Basin, also in Queensland.

Regarding Rheem, yesterday's statement said BHP's board had been "very satisfied" with the returns from its investment.

"Recognising, however, that Rheem is not among BHP's core activities, the board will consider disposing of its shareholding in Rheem if an acceptable price can be obtained," it said.

Rheem's present share price (around A$2.20-2.25) "in no way reflects the value of its underlying assets, particularly its strong earnings record and valuable brand names," BHP added.

Rheem was established in 1936 in Sydney, where it began producing steel drums. It is now a diversified manufacturing enterprise with some 6,000 employees, and production facilities and sales outlets in Australia, New Zealand, Indonesia, Fiji and the US.

In 1986-87 it contributed A$12.6m to BHP's consolidated net profit of A$840m.

This is not the first time BHP has conducted major asset disposals. Only last year it joined Blue Circle of the UK in selling a controlling stake in Blue Circle Southern Cement to Boral, the local building products group.

Taipei stockbrokers indicted

BY BOB KING IN TAIPEI

THE TAIPEI prosecutor's office has brought indictments against the president and five other officials of Da Shing Securities, one of Taiwan's largest brokerages, on charges of illegal securities financing.

The Government charges that the brokerage house illegally financed the purchase of T$1.3bn (US$48.5m) worth of shares by Mr Lei Po-lung, a major player in the market who is known colloquially as "Big Boss Lei."

Mr Lei's cheques for US$26.8m later bounced, and the Securities and Exchange Commission ordered Da Shing to suspend trading before the company had a chance to unload the shares on to the market. The SEC later extended the suspension to six months.

Under Taiwan's securities and exchange law, only one company, Fu Hwa Securities Finance, is allowed to engage in securities financing and margin transactions. But it is an open secret that underground brokerages – as well as some licensed houses – break the rules regularly.

The prosecution has charged that Mr Yeh Hui, the company's president, three top officials, and two dealers, advanced money or stocks to customers beginning in 1984. The other alleged transactions came to light after the SEC decided to have a closer look at Da Shing's records.

In a related development, a just-completed revision of the SEC law permits foreign securities firms greater scope in advising clients over investments abroad. The revision also makes possible the establishment of new local broking and trading houses, as well as integrated securities firms, sets greatly increased minimum capital requirements for such firms, and seeks to tighten control over insider trading.

Local companies have long pressed the Government to allow new securities houses to be set up. Foreign companies, in turn, since the Government lifted controls on outward foreign-exchange movements last July, have sought permission to play a greater role in channelling Taiwanese investments into securities abroad.

The current revision allows foreign firms greater scope in advising their clients on potential investments overseas, but stops far short of allowing them to manage funds on even a limited basis. In addition, any purchases of foreign securities must still take place outside of Taiwan.

Further revisions and liberalisations are expected in future as local securities firms find their feet and are able to compete with the more experienced foreigners.

Currently, only Jardine Fleming Taiwan has gained SEC approval to promote openly its trust funds and other securities.

Sulzer Brothers reveals talks with Schindler

BY JOHN WICKS IN ZURICH

SULZER BROTHERS, the Swiss engineering group, disclosed yesterday that it has been in talks with potential industrial partners, including Schindler, the large Swiss lift maker.

The company, in which a group of dissident shareholders has built up a stake of around 35 per cent, said that a "group of friendly companies" had undertaken to buy Sulzer shares through the stock market.

The announcement from Sulzer coincided with a statement from Mr Tito Tettamanti, the Swiss financier who leads the dissident shareholder group, also proposing links between Sulzer and Schindler.

Mr Tettamanti said he had suggested selling some of his Sulzer shares to Schindler. Mr Tettamanti owns around 5 per cent of Sulzer.

Mr Tettamanti said he would like Sulzer to have "a major industrial partner." He was not thinking of a Sulzer-Schindler merger but of each possibly acquiring a stake in the other. Mr Tettamanti said his stake in Schindler was not substantial.

Sulzer said it continued to consider Mr Tettamanti and his group as an unfriendly power bloc. It said it was doing everything in its power to prevent the company being controlled by groups of shareholders "who do not identify with our industrial aims."

Sulzer, which makes marine diesel equipment, is due to publish its 1987 results in April. For 1986 group net profits totalled SFr67m ($48.6m) on sales of SFr4.6bn. Mr Tettamanti's group claims Sulzer to be capable of profits of SFr200m.

INI cuts loss to lowest for a decade

By Tom Burns in Madrid

MR CLAUDIO ARANZADI, chairman of Instituto Nacional de Industria (INI), Spain's public sector holding company, was quoted yesterday as saying the group had reduced its losses in 1987, according to provisional estimates, from Pta117bn to Pta45bn to Pta50bn ($394m to $438.6m) – its lowest for more than a decade.

INI has been steadily reducing its losses from a peak of Pta204bn in 1983 and Mr Aranzadi forecast that the trend would continue this year.

Last year's sharply improved figures reflected good results by several of INI companies, notably Iberia, the national airline, as well as the effects of drastic restructuring in steel and shipbuilding, which commenced in 1984.

Nixdorf expects sales growth

BY ANDREW FISHER IN FRANKFURT

NIXDORF COMPUTER is again expecting double-digit sales growth in 1988, but Mr Klaus Luft, chairman of the West German company, warned yesterday that business had become tougher.

"We're sailing into rough waters, so we have to fight more," he said after announcing a 13 per cent turnover rise to DM5.1bn. In dollar terms, the rise was a far steeper 39 per cent to $3.2bn, showing the impact of the firm German currency on sales translated into D-Mark terms.

He said that Nixdorf, which has been one of the fastest-growing companies in Germany, entered 1988 with an order backlog of DM5.1bn, 15 per cent higher than a year ago. This week, it announced a £50m (DM150m) order from the Tesco stores group of Britain for electronic point of sale systems.

Nixdorf invested heavily last year in both new assets and research and development. Capital investments were 8 per cent higher at DM700m and research and development expenditure rose by 5 per cent to DM450m. Including the costs of employing and training a further 3,900 people, mostly in service, consultancy and software jobs, total spending was DM1.5bn.

Because of the chillier economic outlook, German companies needed to become more productive and quality-oriented, Mr Luft said. He did not support calls for a wage freeze; that would be "the wrong tool" to combat an economic slowdown and would decrease confidence. But he said the time was unsuitable for union efforts towards a shorter working week.

The company will release profit figures in April.

On the dividend, Mr Luft implied that this would be held at DM10 a share on increased capital, noting this would cost DM112m against DM96m in 1986.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA AND coffee prices on the London futures markets both staged recoveries yesterday following losses earlier in the week. The May cocoa position's £10 rise, which left the price £17 down on the week, was seen primarily as a technical reaction to the preceding fall. Dealers said sentiment remained mixed as to whether the ICCO buffer stock manager's purchase of another 3,000 tonnes of cocoa was having any impact. So far there has been little apparent reaction to his support purchases but some traders believed the buying programme was at last beginning to bite. Coffee prices rose in sympathy with the New York market and the May quotation closed at £1,260 a tonne, up £18 on the day and £25 on the week. On the London Metal Exchange the grade A copper price continued its recovery with a £39 rise to £1,362.50 a tonne. That was £15.50 up on the week and £135 higher than the low reached on Monday.

SPOT MARKETS

		+ or -
Crude oil (per barrel FOB)		
Dubai	$15.50-5.60z	+0.05
Brent Blend	$16.15-6.30	-0.075
W.T.I. (1 pm est)	$17.15-7.20z	-0.15
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$159-162	+0.5
Gas Oil (Soviet)	$138-139	-1.0
Heavy Fuel Oil	$71-73	-0.5
Naphtha	$150-152	
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♦	$439.00	-4.75
Silver (per troy oz)♦	631c	-5
Platinum (per troy oz)	$449.25	+0.75
Palladium (per troy oz)	$117.75	+0.75
Aluminium (free market)	$2040	
Copper (US Producer)	108¾-113c	
Lead (US Producer)	37.50c	-2.50
Nickel (free market)	375c	-5
Tin (European free market)	£3880	
Tin (Kuala Lumpur market)	17.15r	-0.03
Tin (New York)	317.00c	
Zinc (Euro. Prod. Price)	$880	
Zinc (US Prime Western)	45.375c	+0.625
Cattle (live weight)†	105.69p	+2.20*
Sheep (dead weight)†	152.53p	+0.65*
Pigs (live weight)†	63.25p	+0.41*
London daily sugar (raw)	$230.40w	+6.40
London daily sugar (white)	$230.50w	+5.50
Tate and Lyle export price	£238.00	+5.00
Barley (English feed)	£109.00	-0.50
Maize (US No. 3 yellow)	£135.50	
Wheat (US Dark Northern)	£98.00u	-0.50
Rubber (spot)♥	63.25p	+0.75
Rubber (Mar)♥	67.75p	+0.75
Rubber (Apr)♥	67.75p	+0.75
Rubber (KL RSS No 1 Mar)	279.50m	+1.50
Coconut oil (Philippines)§	$535.00w	
Palm Oil (Malaysian)§	$417.50u	
Copra (Philippines)§	$360.00	-10.00
Soyabeans (US)	$152.00	+1.00
Cotton "A" index	68.50c	+0.60
Woollops (64s Super)	580p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr. † Meat Commission average fatstock prices. * change from a week ago. ♦ London physical market. § CIF Rotterdam. ♦ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	1062	1052	1070 1057
May	1082	1072	1091 1075
Jly	1102	1092	1113 1099
Sep	1119	1109	1129 1114
Dec	1144	1133	1154 1139
Mar	1169	1157	1177 1164
May	1189	1176	1195 1187

Turnover: 3711 (6828) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for February 4: 1325.68 (1356.92). 10 day average for February 5: 1386.24 (1400.51).

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1235	1210	1235 1215
May	1260	1234	1260 1240
Jly	1263	1236	1263 1246
Sep	1305	1281	1300 1288
Nov	1325	1300	1323 1308
Jan	1341	1320	1325
Mar	1360	1340	

Turnover: 4530 (3548) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 4: Comp. daily 1979 117.87 (117.32); 15 day average 115.88 (115.69).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	196.60	200.80	205.40 196.80
May	198.00	202.00	205.80 197.80
Aug	195.00	198.60	201.00 195.00
Oct	194.00	198.00	200.40 193.20
Dec	194.00	198.00	
Mar	194.00	198.60	201.00 196.00
May	197.60	203.00	201.00 200.00
White	**Close**	**Previous**	**High/Low**
Mar	233.50	238.00	242.00 234.00
May	233.00	236.00	240.00 236.00
Aug	238.00	242.00	243.00 238.00
Oct	239.00	242.00	240.00 239.00
Dec	239.00	242.50	
Mar	242.00	244.00	
May	245.00	245.00	

Turnover: Raw 6457 (6368) lots of 50 tonnes; White 1596 (2541). Paris - White (FFr per tonne): Mar 1350, May 1370, Aug 1385, Oct 1385, Dec 1400, Mar 1430.

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	139.00	139.25	139.50 138.50
Mar	140.50	141.00	140.75 139.50
Apr	139.50	140.00	139.75 138.25
May	138.50	137.25	137.00 136.25
Jun	138.75	139.75	139.00 139.25
Jul	138.00	139.75	138.75 138.25

Turnover: 3430 (5387) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,275 tonne
Cash	2030-50	2020-40		2030-40		
3 months	1880-85	1880-90		1880-90	1880-1900	2,769 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 10,500 tonne
Cash	1138-40	1150-2	1150/1146	1144-5		
3 months	1067-8	1070-1	1073/1058	1066-7	1073-4	44,880 lots
Copper, Grade A (£ per tonne)						Ring turnover 43,100 tonne
Cash	1360-5	1322-5	1365/1360	1358-60		
3 months	1216-17	1187-8	1222/1201	1208-10	1213-14	72,377 lots
Copper, Standard (£ per tonne)						Ring turnover 100 tonne
Cash	1325-35	1275-95	1330	1325-30		
3 months	1175-85	1150-80		1160-80		33 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	628-9	633-6		635-8		
3 months	637-40	644-7		646-9	640-5	677 lots
Lead (£ per tonne)						Ring turnover 5,250 tonne
Cash	376-7	377.5-9	379/378	375½-80½		
3 months	352-3	353.5-4	355/350	351½-2½	349-50	12,125 lots
Nickel ($ per tonne)						Ring turnover 1,026 tonne
Cash	8010-20	8080-8120	8040/7950	7996-8004		
3 months	7750-4	7754-60	7828/7710	7724-8	7740-50	9,597 lots
Zinc (£ per tonne)						Ring turnover 6,325 tonne
Cash	497-8	495-6	495.25	495-5.25		
3 months	501.5-2	489-500	502/499	489-500	501.5-2	12,416 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	97.00	96.50	98.00
Mar	105.00	102.00	105.00
Apr	148.00	147.50	149.50 146.90
May	166.00	164.50	166.40 164.10
Nov	98.50	98.50	
Feb	109.00	108.00	

Turnover: 292 (228) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	129.00	127.50	129.50
Jun	123.50	122.00	123.00 122.50
Aug	121.80	120.50	120.50
Oct	124.00	122.00	123.50 123.00
Dec	128.00	125.00	
Feb	130.00	127.00	

Turnover: 125 (225) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1560.0	1559.5	1565.0 1560.0
Jly	1422.0	1419.0	1430.0 1412.0
Oct	1458.5	1457.5	1461.0 1448.0
Jan	1435.0	1437.5	1437.5 1430.0
BFI	1488.0	1468.5	

Turnover: 509 (680)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	105.80	105.15	105.85 105.85
May	108.50	108.60	108.35 108.00
Jly	110.70	111.15	110.85 110.50
Sep	102.00	102.60	102.05 102.00
Nov	103.75	104.55	104.00 103.75
Jan	105.25	107.00	106.40 106.25
Mar	108.40	109.10	
Barley	**Close**	**Previous**	**High/Low**
Mar	104.90	105.25	104.80 104.20
May	106.50	106.80	106.50 106.10
Sep	96.80	97.45	
Nov	99.45	100.10	99.80 99.30
Jan	101.60	102.25	
Mar	104.20	104.85	

Turnover: Wheat 197 (243), Barley 98 (37) lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	438¾-439¼	249¾-250¾
Opening	446¾-447	252½-253
Morning fix	444.15	251.643
Afternoon fix	441.70	251.180
Day's high	446½-447	
Day's low	438-438½	
Coins	**$ price**	**£ equivalent**
US Eagle	451-456	256½-259½
Maple leaf	451-456	256½-259½
Britannia	451-456	256½-259½
Krugerrand	437-440	248½-250½
1/2 Krug	232-241	132¼-137¼
1/4 Krug	117-125	66¾-71¼
Angel	437-442	[illegible]
1/10 Angel	47-52	26¾-29½
New Sov.	103¼-104¾	58¾-59
Old Sov.	103¼-104¾	58¾-59½
Noble Plat	469-474¾	265¼-269
Silver fix	**p/fine oz**	**US cts equiv**
Spot	362.00	636.80
3 months	369.95	649.35
6 months	378.50	663.65
12 months	398.70	695.55

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1900	129	109	41	131
2000	74	72	86	192
2100	38	46	149	264
Aluminium (99.5%)	**Calls**		**Puts**	
1800	161	140	15	85
1900	90	93	44	136
2000	43	58	98	200
Copper (Grade A)	**Calls**		**Puts**	
1950	362	322	41	187
2100	256	253	84	264
2250	172	195	150	355

SPICES

Cassia weakened but is expected to firm when US grinders restart buying, which will probably be at the end of February, reports Man Producten. Spot supplies of pepper, especially black, were tight in Europe. Arrivals from origin countries was below normal due to insufficient buying from sources. Indonesian white pepper remained steady in spite of sluggish demand. Black pepper prices rose sharply in Brazil and Indonesia due to increased US demand. India, the main supplier of black pepper in the coming months, offered at prices which indicated a very steady undertone. Prices: white pepper spot $6100, afloat $6000 and Feb/Mar shipment $5950 cif; black pepper Lpg spot $4750, Feb/Mar shipment $4450 cif; cloves spot $3200, Madagascar Feb/Mar shipment $2800 cif, Brazil [illegible] $2500 fob.

US MARKETS

PRECIOUS METALS came under pressure from a combination of bank and trade selling in the face of a stronger US dollar, reports Drexel Burnham Lambert. Copper opened firm on trade buying but eased on local and commission house selling which touched off stops before local short-covering pared losses towards the close. Crude oil was slightly higher but the market lacked feature. Speculative buying firmed coffee on reports indicating a reduced Brazilian crop. Cocoa rallied on short-covering as the market underwent a correction to recent weakness. Sugar rallied initially, but resistance at the highs prompted commission house selling and prices eased. Cattle futures rallied on short-covering. Lower cash prices eased pork bellies, while hogs remained firm on concerns over the effect of the weather. Grains were quiet. Soyabeans and meal fell on profit-taking while oil rallied on short-covering. Maize was easier and wheat mixed in markets lacking news.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	439.4	444.4	445.0	437.0
Mar	440.3	444.9	440.5	440.0
Apr	442.4	446.3	449.0	437.0
Jun	447.7	452.8	453.5	449.0
Aug	452.3	457.6	458.0	451.0
Oct	457.1	462.3	462.5	455.0
Dec	462.0	467.7	468.4	457.8
Feb	467.3	472.1	474.0	469.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	449.2	452.4	455.0	442.0
Jul	454.4	457.1	459.0	448.0
Oct	459.7	462.4	464.0	453.5
Jan	465.7	465.4	467.0	467.0
Apr	472.2	474.9	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	629.5	630.8	0	0
Mar	632.6	643.0	643.0	628.0
May	640.6	651.4	651.5	637.0
Jul	646.6	658.2	658.0	645.0
Sep	656.0	667.1	652.0	655.0
Dec	666.4	680.0	677.0	606.7
Jan	672.1	683.6	0	0
Mar	681.3	693.2	685.0	684.0
May	690.3	702.4	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	101.40	103.00	102.00	102.00
Mar	95.40	96.05	96.90	94.50
Apr	90.85	91.65	0	0
May	85.90	87.25	89.50	85.10
Jul	79.40	82.25	83.50	78.80
Sep	76.40	78.15	80.00	76.00
Dec	74.00	76.25	78.00	74.00
Jan	74.50	77.05	0	0
Mar	74.20	76.65	75.00	74.00
May	74.20	76.65	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Mar	17.27	17.14	17.25	17.09
Apr	17.21	17.08	17.20	17.04
May	17.11	16.97	17.12	16.96
Jun	16.99	16.87	16.98	16.88
Jul	16.88	16.77	16.85	16.80
Aug	16.78	16.67	16.75	16.73
Sep	16.65	16.57	0	0
Oct	16.60	16.47	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	48.95	48.30	49.10	48.40
Apr	47.35	46.84	47.35	46.70
May	46.05	45.34	45.85	45.35
Jun	45.50	44.84	45.30	44.90
Jul	45.35	44.74	45.25	44.75
Aug	45.70	45.34	45.90	45.55

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1715	1703	1730	1705
May	1751	1740	1766	1740
Jul	1778	1761	1788	1763
Sep	1805	1791	1813	1802
Dec	1833	1826	1855	1835
Mar	1860	1847	1875	1866
May	1900	1889	1905	1901

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	136.70	134.69	137.30	135.00
May	139.22	137.56	140.00	138.20
Jul	141.90	140.00	141.90	140.35
Sep	144.00	142.15	145.00	142.92
Dec	146.82	145.70	145.75	144.00
Mar	147.38	145.13	0	0
May	150.00	148.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.79	8.98	9.09	8.75
May	8.83	9.09	9.15	8.80
Jul	8.71	8.85	8.95	8.60
Sep	8.56	8.75	8.88	8.54
Oct	8.68	8.89	8.95	8.60
Jan	8.69	8.85	8.89	8.64
Mar	8.71	8.85	8.93	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	62.54	62.48	63.20	62.25
May	63.30	63.10	63.70	62.75
Jul	63.75	63.52	64.30	63.40
Oct	62.45	62.60	63.00	62.45
Dec	62.36	62.40	62.80	62.10
Mar	62.55	62.95	63.10	62.60
May	62.85	62.95	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	173.15	170.50	171.50	169.20
Mar	168.30	166.85	169.00	166.60
May	166.75	165.85	168.00	166.60
Jul	165.50	164.45	167.00	164.50
Sep	164.15	166.00	165.75	164.00
Nov	160.75	160.95	0	0
Jan	160.95	160.95	0	0
Mar	160.95	160.95	0	0
May	160.95	160.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 4	Feb 3	mnth ago	yr ago
1745.5	1721.6	1764.0	1609.7

DOW JONES (Base: December 31 1974 = 100)

	Feb 4	Feb 3	mnth ago	yr ago
Spot	123.45	128.38	134.18	115.48
Futures	133.15	131.91	138.84	117.09

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	608/4	611/0	614/0	605/4
May	617/6	620/4	623/0	614/4
Jul	625/4	627/4	631/0	622/4
Aug	625/4	628/0	630/2	[illegible]
Sep	625/4	627/2	631/4	625/0
Nov	628/0	634/4	639/4	631/2
Jan	640/4	642/4	646/4	639/4
Mar	648/4	650/0	0	0
May	653/0	654/4	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.79	20.68	21.00	20.67
May	21.15	20.99	21.31	21.02
Jul	21.40	21.25	21.58	21.30
Aug	21.50	21.32	21.50	21.40
Sep	21.52	21.33	21.73	21.55
Oct	21.62	21.32	21.75	21.55
Dec	21.70	21.42	21.80	21.55
Jan	21.75	21.45	21.75	21.76

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	173.7	180.6	181.7	178.8
May	178.7	179.8	181.6	178.6
Jul	179.6	180.6	181.6	178.6
Aug	181.0	181.2	182.0	180.0
Sep	182.0	182.7	183.0	181.5
Oct	183.2	184.5	185.0	182.5
Dec	184.5	185.7	186.0	184.0
Jan	186.7	187.5	188.5	187.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	201/2	202/6	203/6	200/6
May	207/0	207/6	209/2	206/4
Jul	210/4	210/6	212/4	210/4
Sep	212/0	212/4	214/0	212/2
Dec	214/2	216/0	216/4	213/6
Mar	221/0	222/0	223/4	221/0
May	226/0	227/0	227/4	225/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	332/4	334/6	335/0	332/4
May	333/2	330/0	338/4	333/0
Jul	322/4	326/0	327/4	322/0
Sep	327/4	326/0	328/0	326/0
Dec	335/2	335/6	340/4	335/0
Mar	341/0	338/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	70.82	69.77	70.70	69.82
Apr	71.45	70.60	71.60	71.05
Jun	69.80	69.42	69.70	69.30
Aug	67.05	66.65	67.12	66.60
Oct	66.40	65.80	66.40	66.00
Dec	66.90	66.85	66.90	66.65
Feb	66.60	66.15	66.60	66.15

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Feb	48.70	48.77	49.00	48.52
Apr	45.82	45.67	46.10	45.60
Jun	48.75	48.77	49.25	48.75
Jul	48.60	48.25	48.70	48.30
Aug	47.27	47.17	47.50	47.00
Oct	42.95	42.80	43.00	42.65
Dec	42.90	42.50	42.90	42.45
Feb	42.90	42.45	43.10	42.90

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	54.97	54.95	55.70	54.80
Mar	55.45	55.77	56.50	55.20
May	56.95	57.20	57.97	56.90
Jul	57.15	57.32	58.15	57.00
Aug	55.67	55.95	56.65	55.75

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WORLD STOCK MARKETS

NEW YORK (3 pm)

Wall Street

Small rise for Dow in dull trade

Trading was dull but stocks moved slightly higher.

A report of a smaller than expected increase in January employment suggested the economy was weak and prompted a strong bond rally. But stock investors were not convinced the lower rates would be able to preserve corporate growth.

The Dow Jones industrial average rose four points to 1,928. Advances led declines by seven to five on volume of 114m shares.

Gillette rose $⅝ to $37⅝ on takeover speculation concerning Coniston Partners. GAF gained $2½ to $48¼ on hopes that a higher buyout offer might be reached.

Canada

Declining gold issues weighed *down Toronto stocks, which were* marginally lower at midday.

The composite index, which had risen about five points in earlier trading, slipped 0.7 to 3,000 as declines outpaced advances by 322 to 247 on turnover of 11.1m shares.

Polysar Energy, which announced a restructuring on Thursday, topped the list of most actives, rising C$⅜ to C$15½. *Nova, which is bidding for 20* per cent of Polysar, was unchanged at C$8⅝.

In golds, International Corona fell C$¼ to C$35½, Placer Dome lost C$⅜ to C$14 and Echo Bay declined C$½ to C$22.

Base metal issues were mixed. Noranda firmed C$⅛ to C$20¾, Alcan Aluminium dropped C$⅛ to C$31⅝ and Inco was unchanged at C$23¼.

In the energy group, Shell Canada fell C$¼ to C$37, Texaco Canada dropped C$¼ to C$30¾, Imperial Oil class A advanced C$⅜ to C$56¼ and Gulf Canada Resources firmed C$⅛ to C$16.

Among forest products, MacMillan Bloedel declined C$⅛ to C$18¾, Abitibi-Price lost C$¼ to C$24½ and BC Forest Products rose C$¼ to C$18½.

North American closing prices were unavailable for this edition

Tokyo

The generally weaker trend overseas and a lack of fresh leads to provide direction led to lacklustre trade in which share prices closed down.

The Nikkei average fell 58.30 points, or 0.25 per cent, to 23,650.80. The index had risen 113.73 points on Thursday.

Declines led advances by four to three in turnover of 530m shares against 550m the previous day.

Falling shares included insurance, communications, electronics, pharmaceutical, rolling stock, retail, service and banking.

Credit and lease, oil, warehouse, food, pulp and paper, airline and trading company issues saw gains.

Wall Street's small fall the previous night and the unsatisfactory results of the final leg of the US Treasury's February refunding dampened market sentiment. But these factors were cancelled out to some extent by a firmer dollar.

The selling, primarily by institutions, focused on sectors that had recently enjoyed gains, especially certain financial-related shares.

The Nippon Credit Bank lost Y200 to Y11,600 and the Long Term Credit Bank of Japan sank Y100 to Y20,000. Nissan Fire and Marine Insurance fell Y100 to Y2,280.

Speculation that beef imports into Japan might increase boosted some food-related shares. Yakult Honsha, a maker of lactic milk, rose Y110 to Y3,280; Nissin Food Products, a pioneer in noodle *products, climbed Y100* to Y4,600; and Kagome, a maker of processed tomato food, gained Y50 to Y1,620. Ham-producer stocks were also firm.

Frankfurt

Quiet, end-of-week trading saw leading German prices close mostly below Thursday's finish but off their lows.

The day's trading was a consolidation after the previous few days' gains, and dealers are confident about next week.

The Commerzbank 60-share index, which does not include the late recovery, fell 13.4 points or 1.1 per cent to 1,259.7. The FAZ 100-share index repeatedly found strong support at 400 and closed at 412.79.

Nixdorf, the computer-maker, ended DM5.50 down at DM491.50 after it said it was unlikely to change its DM10 dividend. Siemens lost DM3.50 to DM353.

Retailers were generally stronger. ASKO ordinary shares rose DM10 to DM550 after it said it would propose an unchanged DM10 dividend for ordinary shares and DM11.50 for preference. Massa rose DM24.80 to DM250 and Karstadt increased DM7.50 to DM334.50.

Daimler ended DM1 lower at DM572, but VW ordinaries rose DM1.10 to DM208.80 despite the news that Volkswagen of America *would halt production for one* week because of a strike in Mexico.

Hong Kong

Turnover shrank to an eight-month low and share prices closed marginally down in overwhelmingly bearish sentiment.

The Hang Seng index ended the day 2.72 points lower at 2,292.59 on a turnover of HK$416.24m against HK$521.73m on Thursday.

Sentiment was dampened by consistent Hang Seng index futures discounting against the actual index over the past few days. February contracts were traded two points higher to 2,257 while March contracts were unchanged at 2,265.

Among blue chips, Henderson Land slipped five cents to HK$3.975 and Hk Bank lost 10 cents to HK$6.95. Hk Land gained 10 cents to HK$6.90 and Hk Telecom was unchanged at HK$7.15.

Singapore

The stock market continued to drift in the afternoon to close moderately lower across the board for the second day running in uneventful trading.

A Malaysian High Court declaration that United Malays National Organisation was an unlawful society had a cooling effect. The organisation is a leading political party in the ruling coalition government in Malaysia.

Australia

The share market, unable to hold early gains, drifted down over the day to close slightly easier.

Industrial stocks were mixed, following a barely steady close on Wall Street the previous night, while gold and resources stocks bore the brunt of selling as bullion prices eased. There was no major sell-off, just lack of enthusiasm among investors.

At the close the all-ordinaries was down at 1,219.6.

The gold index fell 10.7 points to 1,473.2, its lowest close since *October 1986*, and the all-resources lost 4.6 points to 648.6, its lowest since August 1986. The all-industrials gained one point to 1,979.7.

Zurich

Lively trading saw Swiss shares close slightly higher in reaction to a firm dollar, which rose above SFr1.38.

The shares of Oerlikon-Buehrle Holding fell SFr10 against the trend to SFr820. The company, which reported lower 1987 turnover, said it would be unable to pay a dividend.

Milan

For the first time this week share prices rebounded, due largely to technical factors. The Milan Stock Index rose 1.69 per cent to 905.

CANADA (3 pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

GERMANY (continued)

ITALY

NETHERLANDS

NETHERLANDS (continued)

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

SINGAPORE

JAPAN

INDICES

NEW YORK DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CURRENCIES AND MONEY

LONDON STOCK EXCHANGE

FOREIGN EXCHANGES

Dollar higher but nervous

THE LEVEL of uncertainty in currency markets yesterday allowed most schools of thought more than a brief blaze of credibility. In the short term the only solid outcome appeared to be a surge in US bond prices and a stronger dollar.

US unemployment figures showed a rise in non-farm employment of 107,000, which was about half the rise expected. This provided the starting gun for a welter of different critical analyses. On the one side whether US interest rates would fall to stave off possibilities of a recession or on the other, would the US Fed would bite the bullet and push rates firmer ahead of a Presidential election, gaining some degree of mandate from a possible rise in US money supply.

Sentiment was also influenced by suggestions that a slowdown in US economic growth would help to cut the US trade deficit. While remaining a market factor influencing the dollar, this held little water with many analysts. In addition recent reports suggested that the US budget deficit was likely to be significantly larger over the next two years, in spite of last December's cost cutting exercise.

The dollar closed at DM1.6980 from DM1.6905 and Y128.95 compared with Y128.50. Elsewhere it improved to SFr1.3905 from SFr1.3820 and FFr5.7300 from FFr5.7025. On Bank of England figures, the dollar's exchange rate index rose from 94.9 to 95.0.

Sterling finished towards the day's lows. A lack of incentive ahead of the weekend tended to keep the pound on the sidelines. Its exchange rate index finished at 74.2, down from 74.4 at the opening and 74.3 on Thursday. Against the dollar it fell to $1.7555 from $1.7625 but was unchanged against the D-Mark at DM2.9800. It was slightly lower against the yen at Y226.25 from Y226.50 but rose against the Swiss franc to SFr2.4400 from SFr2.4350 and FFr10.0600 compared with FFr10.0500.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 239.9 against 214.3 six months ago.

Sentiment was influenced in the dollar's favour by comments by Mr Kiichi Miyazawa, suggesting that G7 nations were still committed to seeing a stable dollar. Coming ahead of the release of US unemployment figures, his comments were seen by some traders as an escape clause, mainly because, in suggesting a base level of Y125.0, speculators were likely to be tempted to test the dollar's upside potential.

In Tokyo the dollar closed at Y128.55 from Y127.90 in New York.

£ IN NEW YORK

Feb.5	Latest	Previous Close
£ Spot	1.7535-1.7545	1.7690-1.7700
1 month	0.32-0.28pm	0.29-0.28pm
3 months	0.93-0.88pm	0.94-0.92pm
12 months	3.50-3.40pm	3.60-3.52pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

Feb.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7495-1.7680	1.7550-1.7560	0.30-0.27cpm	1.95	1.02-0.97pm	2.27
Canada	2.2215-2.2459	2.2215-2.2225	0.07c-0.03cpm	-0.11	0.35-0.25pm	0.52
Netherlands	3.34¼-3.35¼	3.34¼-3.35¼	1⅝-1cpm	4.70	4⅝-3⅝	4.85
Belgium	61.99-62.55	62.25-62.35	21-5cpm	2.50	53-33pm	2.76
Denmark	11.35¼-11.41	11.38¼-11.39¼	1pm-⅛oredis	0.26	1⅛-1⅛pm	0.31
Ireland	1.1179-1.1217	1.1190-1.1200	0.16-0.11cpm	1.45	0.58-0.50pm	1.93
W. Germany	2.97½-2.98½	2.97½-2.98½	1⅛-1pfpm	5.29	4⅛-3⅞pm	5.54
Portugal	242.37-244.90	242.40-243.40	88-205cdis	-7.23	257-551dis	-6.65
Spain	199.33-200.74	199.55-199.86	[illegible]	-1.61	[illegible]	-2.99
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.55
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.05
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.92
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.28
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.75
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.51
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.38

Belgian rate is for convertible francs. Financial franc 62.35-62.45. Six-month forward dollar 2.10-2.05cpm 12 month 4.10-4.00cpm

STERLING INDEX

	Feb.5	Previous
8.30 am	74.4	74.4
9.00 am	74.4	74.4
10.00 am	74.4	74.4
11.00 am	74.4	74.3
Noon	74.4	74.4
1.00 pm	74.3	74.3
2.00 pm	74.4	74.3
3.00 pm	74.3	74.3
4.00 pm	74.2	74.3

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7495-1.7680	1.7550-1.7560	0.30-0.27cpm	1.95	1.02-0.97pm	2.27
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.37
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.75
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.77
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.68
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.86
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.44
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.41
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-6.28
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.69
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.11
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.12
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.35
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.72
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.29
Switzerland	1.3785-1.3925	1.3900-1.3910	0.68-0.64cpm	5.72	1.86-1.81pm	3.86

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.50-35.60.

CURRENCY RATES

Feb.5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.771540	0.693525
U.S. Dollar	6	1.35791	1.22150
Canadian $	8.75	1.72940	1.55166
Austrian Sch.	4	16.1754	14.5071
Belgian Franc	6½	48.0700	43.2065
Danish Krone	7	8.79247	7.89201
Deutsche Mark	2½	2.30016	2.06546
Neth. Guilder	3¼	2.58207	2.31937
French Franc	9½	7.75978	6.97605
Italian Lira	12	N/A	1520.52
Japanese Yen	2½	174.288	157.120
Norway Krone	8	8.69606	7.81487
Spanish Peseta	-	154.897	138.654
Swedish Krona	7½	8.23437	7.39368
Swiss Franc	2½	1.88003	1.69150
Greek Drach.	20½	183.725	164.716
Irish Punt	-	0.86469	0.776316

All SDR rates are for February 4

CURRENCY MOVEMENTS

Feb.5	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.2	-20.1
U.S. Dollar	95.0	-11.9
Canadian Dollar	79.8	-7.2
Austrian Schilling	140.2	+10.7
Belgian Franc	100.4	-4.6
Danish Kroner	93.6	+3.0
Deutsche Mark	149.0	+22.9
Swiss Franc	177.8	+25.3
Guilder	137.8	+15.7
French Franc	71.8	-13.1
Lira	47.0	-18.9
Yen	239.9	+79.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)

EURO-CURRENCY INTEREST RATES

Feb.5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8-7⅞ per cent; three years 8⅜-8 per cent; four years 8⅝-8¼ per cent; five years 8⅞-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Feb.5	£	$
Argentina	9.8310-9.9270	5.4300-5.4800
Australia	2.4760-2.4790	1.4040-1.4050
Brazil	156.45-157.35	86.410-86.845
Finland	7.2185-7.2315	4.0930-4.0950
Greece	235.95-240.05	133.50-135.80
Hong Kong	13.7370-13.7540	7.7970-7.7990
Iran	119.00*	62.25*
Kuwait	[illegible]	[illegible]
Luxembourg	62.25-62.35	35.45-35.55
Malaysia	4.5125-4.5240	2.5620-2.5650
Mexico	4113.45-4133.85	2272.00-2282.00
N. Zealand	2.6375-2.6425	1.4955-1.4975
Saudi Ar.	6.6075-6.6130	3.7500-3.7510
Singapore	3.5560-3.5620	2.0155-2.0175
S. Af (Cm)	3.5420-3.5585	2.0060-2.0120
S. Af (Fn)	5.0355-5.1835	2.8570-2.9410
Taiwan	50.45-50.70	28.60-28.70
U.A.E.	6.4705-6.4765	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Feb.5	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.756	2.980	226.3	10.06	2.440	3.348	2193	2.222	62.30
$	0.569	1	1.697	128.9	5.729	1.390	1.907	1249	1.265	35.48
DM	0.336	0.589	1	75.94	3.376	0.819	1.123	735.9	0.746	20.91
YEN	4.419	7.760	13.17	1000.	44.45	10.78	14.79	969.1	9.819	275.3
F Fr.	0.994	1.746	2.962	225.0	10.	2.425	3.328	2180	2.209	61.93
S Fr.	0.410	0.720	1.221	92.75	4.123	1	1.372	898.8	0.911	25.53
H Fl.	0.299	0.524	0.890	67.59	3.005	0.729	1	655.0	0.664	18.61
Lira	0.456	0.801	1.359	103.2	4.587	1.113	1.527	1000.	1.013	28.41
C $	0.450	0.790	1.341	101.8	4.527	1.098	1.507	986.9	1	28.04
B Fr.	1.605	2.819	4.783	363.2	16.15	3.917	5.374	3520	3.567	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates edge higher

INTEREST RATES tended to move higher in London yesterday. Sterling finished towards the day's lows and there was a growing feeling that inflationary fears would provide further justification for the UK authorities to push up interest rates.

Much depends on the performance of US equity markets, following yesterday's smaller than expected increase in the number of new jobs created in the US. A further decline in equities was seen as one of the major factors influencing official thoughts about keeping a tight rein on inflation through higher rates in the UK. On the other hand, recent industrial action, notably by Ford workers and the National Union of Seamen, raised the possibility of eroding overseas confidence in UK bonds and equities.

UK clearing bank base lending rate 9 per cent from February 2

Against this background. three-month interbank money rose to 9⅜-9¼ p.c. from 9⅛-9 p.c. while the one year rate was higher at 9¼-9⅛ p.c. from 9⅜-9⅛ p.c. Weekend interbank money opened around 8¾-8⅝ p.c. and touched 8½ p.c. before slipping back to 7 p.c. However demand soon pushed the rate up to a high of 9¾ p.c., before late balances were taken at 8½ p.c.

The Bank of England forecast a shortage of around £500m with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £24m and Exchequer transactions a further £245m. In addition there was a rise in the note circulation of £315m. These were partly offset by banks' balances brought forward £100m above target.

The Bank's forecast was revised to a shortage of around £600m and assistance in the morning came to £404m comprising outright purchases of £2m of local authority bills and £402m of eligible bank bills, all at 8⅞ p.c. Further help was given in the afternoon of £54m through outright purchases of £54m of eligible bank bills in band 4 at 8⅞ p.c. Late help came to £60m, making a total of £518m.

The average rate of discount rose to 8.6618 p.c. from 8.2125 p.c. at the weekly Treasury bill tender, following the half point rise in base rates. The £100m of bills on offer attracted bids of £495m compared with £536m for a similar amount the previous week and all bills on offer were allotted. The minimum accepted bid was £97.825 from £97.93 and bids at that level were met as to about 84 p.c. and above in full

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.5) 3 months US dollars		6 months US Dollars	
bid 6¾	offer 6⅞	bid 6⅞	offer 6⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8½	One month	5.15	Three year	7.28
Broker loan rate	8	Two month	5.45	Four year	7.37
Fed.funds	6⅝	Three month	5.78	Five year	7.65
Fed.funds at intervention	-	Six month	6.22	Seven year	7.91
		One year	6.50	10-year	8.09
		Two year	7.10	30-year	8.28

Feb.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.20-3.30	3.15-3.25	3.20-3.30	3.20-3.35	3.25-3.40	4.50
Paris	7⅛-7¼	7⅜-7½	7⅜-7½	7½-7⅝	7⅞-8	7.50
Zurich	1⅛-⅜	5⅛-7⅛	-	1⅛-1⅞	-	-
Amsterdam	3⅝-3⅞	3⅞-4	-	4-4⅛	-	-
Tokyo	3.53125	3.71875	-	3.84375	-	-
Milan	9⅞-10⅛	10⅞-11⅛	-	10⅞-11⅛	-	-
Brussels	4.95	6⅛-6⅛	-	6⅛-6⅛	-	-
Dublin	7¾-8	8⅛-8⅞	8½-8¾	8⅝-8⅞	8¾-9	-

LONDON MONEY RATES

Feb.5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	9¾	8½	8⅞	9⅛	9⅛	9⅜
Interbank Bid	7	8⅛	8⅞	9	9⅛	9⅛
Sterling CDs	-	-	8⅞	9⅛	9⅛	9⅛
Local Authority Deps.	-	-	8⅞	9	9⅛	9⅛
Local Authority Bonds	-	-	9	9⅛	9⅛	9⅛
Discount Mkt Deps.	8½	8	-	-	-	-
Company Deposits	8⅞	8½	8⅞	9⅛	9⅛	9⅛
Finance House Deposits	-	-	8⅞	9⅛	9¼	9⅛
Treasury Bills (Buy)	-	-	8⅞	8⅞	-	-
Bank Bills (Buy)	-	-	8⅞	8⅞	9	-
Fine Trade Bills (Buy)	-	-	9⅛	9⅛	9⅛	-
Dollar CDs	-	-	6.90-6.85	7.00-6.95	7.15-7.10	7.60-7.55
SDR Linked Dep Offer	-	-	5⅞	5⅞	6⅛	6⅛
SDR Linked Dep Bid	-	-	5⅛	5⅞	5⅞	6⅛
ECU Linked Dep Offer	-	-	6⅛	6⅛	6½	6⅞
ECU Linked Dep Bid	-	-	6	6⅛	6⅜	6⅜

Treasury Bills (sell): one-month 8⅞ per cent; three months 8¾ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅝ per cent; Treasury Bills; Average tender rate of discount 8.6618 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 29, 1988. Agreed rates for period Feb.24,1988 to March 25, 1988, Scheme I: 10.11 p.c., Schemes II & III: 10.22 p.c. Reference rate for period January 1 1988 to January 29, 1988, Scheme IV: 8.973 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.00 from February 1, 1988; Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7½ per cent from Jan.26,1988, Deposits withdrawn for cash 5.00 per cent.

Heavy falls in bond and share prices

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15
Feb 8	Feb 18	Feb 19	Feb 29

*New time dealings may take place from 9.00 am two business days earlier.

THE CONCERN over renewed wage inflationary pressures in the UK flared up strongly in the London securities markets yesterday following the decision by Ford Motor workers to strike from midnight on Sunday. With the healthcare and shipping industries also facing worsening labour disputes, the City sensed a significant challenge to the Government's anti-inflation policies.

Interest rate worries received further stimulus from investment comments at major securities houses. Mr Tim Congdon, economist at Shearson Lehman, in a major economic review, reiterated his view that UK bank base rates could reach 12 per cent this year. At Warburg Securities, Mr Ian Harwood commented that, "the next move (by UK rates) will be upwards".

Government bond prices fell by nearly one point, with the exception of the Index-linked issues, where the inflation hedge factor kept losses to a minimum.

Equities plunged by nearly 30 FT-SE points, closing below the predicted resistance level of FT-SE 1740. Turnover remained moderate, traders found it very difficult to sell stock.

The markets looked somewhat demoralised towards the end of the session, as a flood of rumours circulated and there was a spate of selling of the FT-SE futures contract. Finally at 171.9, the March contract on the FT-SE fell to a discount of 20p against the underlying index at its worst moment. One rumour suggested that ICI might make a rights issue, or stock placing, to fund a takeover of Erbamont NV, the pharmaceutical group majority-owned by Montedison.

By the end of the session, the FT-SE 100 Index was 29.1 points down at 1737.8, with the initial firmness on Wall Street brushed aside in a thoroughly unnerved London market. Bond dealers pointed out that yesterday's fall in Gilts was also in strong contrast to the trend of US bonds, which had been driving UK Gilts ahead all week.

The Footsie Index gave ground from the opening and was badly hit at mid-session when a leading brokerage house made another attempt to activate a major "sell" programme. The market tried, but utterly failed, to steady as it moved into the new equity trading account at 3.30pm. It was then hit hard again when the Footsie Futures contract slumped at the close of the London International Financial Futures market.

A Seaq trading total of 483.1m shares, indicating a modest increase in business, showed that the damage was as much to the market's nerves as to its trading books.

The new two week trading account brings several points of concern for the market. Next week (Friday) brings the next set of trade figures from the US, although the London market now seems concerned with domestic rather than international factors. The UK Stock Exchange is expected to publish next week its report on the October market crash, and nerves were still strained in the City by the shakeout among directors of BZW. At the close of the market, Tullett & Tokyo announced closure of its Inter-Dealer-Broker (IDB) network in the Gilt-edged market, which employs 20 people.

The Government bond sector was in poor shape as traders faced the worst of all worlds. "The recent economic statistics show that the economy is still growing, and we now have signs of a tightening labour market – which could mean higher inflation", commented John Shepperd at Warburg Securities.

The strike decision at Ford pushed all other considerations out of the market's conciousness, and prices slid away steadily.

At the close, yields on short-dated issues, at nearly 9.5 per cent, were discounting another increase in base rates, and almost equalling yields on long bonds.

Long yields moved in the opposite direction to those in New York, leaving a gap of 1½ points between the two. London's inability to respond to another strong start in the New York bond sector augured ill for Monday's opening of the UK market.

Index-linked stocks, which have already been rising sharply as inflation worry resurfaced, and also have £200m of new supply to take aboard, proved unable to shake off entirely the influence of conventional Gilts. However, losses in this sector were only about ⅜ of a point.

Calor Group were by no means the most active stock in the oil sector but considerable speculation developed in the afternoon when two trades of 1m shares apiece in Calor went through the market at 540p a share – well below the then ruling market level of around 570p. Calor is currently involved in a complicated demerger of its oil interests.

Market talk was that Burmah had sold around 2 per cent of its 5 per cent stake in Calor acquired prior to the abortive merger talks it held with the former last year. There were suggestions that the share stake had been on offer earlier in the week at a price in excess of 630p a share. Calor shares eventually closed a net 14 off at 563p on disclosed turnover of 2m shares reflecting worries that the remaining 3 per cent or so of the Burmah stake is still on offer. Burmah were 5 cheaper at 485p.

Other oil shares were mostly lower after three major international securities houses – BZW, UBS Phillips & Drew and Chase Manhattan Securities – continued to advise clients to lighten their holdings in the sector.

UBS Phillips & Drew recommend "an underweight position in UK oils" and say they "are sellers of BP, Ultramar and Enterprise". BZW say "bid fever in the sector is likely to wane" and that "readily marketable stocks such as Enterprise and LASMO should be sold in order to lock in profits before prices begin to weaken as the market becomes bored waiting for the next bid in the sector." Chase Manhattan Securities are taking a cautious view on crude oil prices.

BP fully-paid were 2 off at 257p after a turnover of 4.5m, despite strong support from one major securities house, while the partly-paid eased ½ to 77p on a turnover of 18m; the sharply increased business in the partly-paid indicated a fresh bout of buying by the Kuwaitis who were thought to have acquired in excess of 7m of the "new" to add to their last announced stake of 18.91 per cent. Yesterday BP said the Britoil bid was unconditional as to acceptances.

Enterprise slipped 5 to 295p with dealers awaiting news of the group's drilling on Block 22/11 while LASMO settled 9 off at 304p; strong new-time buying of the latter reflected persistent market speculation that the much-heralded bid from RTZ could well appear in the new account.

Tate and Lyle, the UK-based sugar refining and commodity trading group whose shares had been in the doldrums since a negative annual meeting, gained 18 to 809p on a turnover of 791,000 shares following the revelation that acquisitive Hillsdown Holdings, a major food processor and distributor, had built a 3.57 per cent stake in the company.

Tate and Lyle shares have risen in the past on thoughts that a bidder may one day appear. It was known that an unnamed party had already built a small stake in the company. However, the name of the purchaser surprised the market which isnow eagerly looking forward to further developments. Hillsdown shares reacted to the news and closed 6½ down at 287½p.

The clearing banks were sold off early in the session – with much of the pressure from one source – but picked up from the day's lowest levels.

Insurances were again weakened by fears of increasing competition from building societies but rallied from earlier depressed levels. London and Manchester in particular were strongly supported late in the day and closed a shade up on balance at 289p on talk of a bid during the new account. A cautious circular from Wood Mackenzie (part of County NatWest) was said to have been responsible for unsettling Sedgwick which lost 9 to 210p.

Leading Building issues finished the Account on a dull note, prices falling steadily in the virtual absence of buyers. Blue Circle settled 9 lower at 420p, while Tarmac gave up 5 to 229p and BPB Industries dipped 9 to 271p. Construction issues fared no better. George Wimpey falling 10 to 239p and Taylor Woodrow 8 to 385p. Elsewhere, Magnet, actively traded this week on mounting takeover speculation, encountered profit-taking in the absence of any developments and closed 7 down at 252p.

Sliding door gear makers Henderson Group rose 16 to 345p following details of an agreed merger with metal hardwear manufacturer Newman Tonks, 5 down at 180p; the merger is to be effected via a recommended offer by Newman which values Henderson at some £77m.

Press reports that ICI may be considering adding to its pharmaceutical interests, in the shape of anti cancer drug specialist Erbamont which is 85 per cent owned by Montedison, sparked off rumours that the UK group may be considering a fund raising exercise. ICI's share price dipped ⅜ to £10¼. Marketmakers, although not dismissing the the reports, pointed out that ICI was unlikely to move prior to details of the annual figures, scheduled for February 25.

Electricals were actively traded, notably GEC which eased 2 to 153p after 8.2m shares moved through the system, including at least three parcels of 1m-plus. Substantial turnovers were also seen in Telecom(10m), Amstrad(5.8m) ahead of figures on Tuesday, and Ferranti(4.5m).

FKI Babcock dipped 3 to 129p following a report in Construction News saying a West German court has ordered US car manufacturer General Motors to pay more than £25m to the bankrupt estate of construction equipment group IBH and that a claim for DM46m is scheduled against Babcock (part of FKI) within the next two months.

The failure of the latest Ford Motor pay talks and the subsequent announcement of an official strike from midnight Sunday prompted fresh unease in the motor industry suppliers with GKN falling away further to close 11 cheaper at 296p and Lucas reacting 8 more to 595p.

The major international stocks gave ground in what was described as "thin and sensitive trading conditions". BOC closed 5 cheaper at 390p ahead of next Thursday's announcement of the first quarter figures. Glaxo gave up 12 to 994p in a volume of some 3.2m shares. Beecham, still benefiting from the encouraging outlook for its heart drug Eminase, held up reasonably well, closing only 4 lower at 470p. Pilkington, an active market in the previous trading session following a buy recommendation from Barclays de Zoete Wedd, the investment house, drifted back to close 5 lower at 220p.

Reuters, became a nervous market ahead of the preliminary figures expected shortly, closing 23 down at 483p in a small volume of business. Bank Organisation, a current favourite with several analysts, ran into profit-taking and closed 10 cheaper at 623p.

Activity in British Airways, down 9 at 156p, continued at a good level with some 4.9 shares changing hands yesterday. In a current review of the company Prudential-Bache (PB) point out that although the British Airways share price has performed well in the last three months the market has still to give full consideration to the group's longer term prospects. PB expect the BCal deal to enhance earnings in 1988/89 by around £10-£20m at the pre-tax level. On this basis PB recommend the shares for both the long and short term. Against the trend, TSL featured a fresh rise of 17 at 105p following news of a bid approach which may lead to an offer at a price of 110p per share.

A lackluster Property sector showed Land Securities 8 off at 472p and MEPC 8 down at 452p. Great Portland Estates ran into end-Account offerings and dipped 10 to 290p, while Hammerson A gave up 9 at 517p.

Dealings in Phoenix Property resumed at 161p compared with the suspension price of 149p following the recommended shares and cash offer from Mountleigh, finally 6 off at 152p. The offer values Phoenix at approximately 163p per share and Mountleigh has received indications that holders, including the Phoenix directors, of 16.9 per cent of the Phoenix equity have given irrevocable undertakings to accept.

P.and O. deferred, unsettled by the latest developments in the ferry dispute, fell away to 534p in a volume of some 2.5m shares before closing above the worst with a fall of 13 at 539p on balance.

Traded option business perked up, the total number of contracts rising to 25,150. Calls came out at 16,935 and puts totalled 8,215. The FTSE contract attracted 1,785 calls and 1928 puts, while BP registered 2,306 calls and 243 puts. Hanson calls were fairly active at 1,446, while Rolls-Royce puts totalled 1,200.

FINANCIAL TIMES STOCK INDICES

	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Feb. 1	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	89.08	89.25	89.50	89.35	89.17	86.24	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.59	95.74	95.79	95.69	95.38	92.81	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1387.1	1410.9	1413.2	1420.1	1423.1	1508.9	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	251.0	241.7	253.1	257.3	252.8	319.3	497.5 (4/8/87)	241.7 (4/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.50	4.43	4.42	4.39	4.38	3.76				
Earnings Yld. %(full)	11.34	11.18	11.16	11.09	11.06	8.81				
P/E Ratio (net)(*)	10.77	10.93	10.95	11.02	11.06	13.90				
SEAQ Bargains (5pm)	27,484	22,715	23,648	24,230	27,907	55,063				
Equity Turnover (£m)	-	1167.51	961.61	1012.51	966.26	1830.82				
Equity Bargains	-	28,495	26,200	28,548	38,935	61,549				
Shares Traded (ml)	-	425.1	382.1	368.0	381.5	694.1				

S.E. ACTIVITY

Indices	Feb.4	Feb.3
Gilt Edged Bargains	130.9	165.4
Equity Bargains	184.6	169.8
Equity Value	2359.8	1943.7
5-Day average		
Gilt Edged Bargains	161.3	171.8
Equity Bargains	193.5	189.6
Equity Value	2121.6	2227.1

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1409.4	1410.6	1404.8	1400.3	1394.2	1394.9	1393.5	1384.8

Day's High 1410.7 Day's low 1383.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.68.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
Allied Lyons (*332)	300	45	48	-	6	15	-
	330	23	30	40	14	28	33
	360	11	18	28	35	45	50
Brit. Airways (*157)	140	22	35	40	4	9	10
	160	12	22	26	13	17	20
	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*306)	280	33	50	63	4	22	38
	300	20	37	55	10	35	48
	330	5	23	43	29	50	65
P. & O. (*539)	500	47	65	80	3	22	32
	550	13	37	58	20	42	58

FT-SE Index Calls 1,785 Puts 1,928. *Underlying security price. February 5 Total Contracts 25,150 Calls 16,935 Puts 8,215

Traditional Options

- First dealings Feb 1
- Last dealings Feb 12
- Last declarations May 5
- For Settlement May 16

For rate indications see end of London Share Service

Dealers reported a lively interest in the Traditional option market. Stocks to attract money for the call included **Oliver Resources, Pentland Industries, Hyman, Martin Ford, Next, Premier Consolidated, Amstrad, Connells, Rea Bros, Bellwinch, Greenwich Resources, Carless Capel, Cambridge Instruments, North Kalgurli, Western Mining, Dares Estates, Norfolk Capital, Control Securities and Blacks Leisure.** Puts were arranged in **Fergabrook** and **Control Securities**, but no double options were reported.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (3).
LOANS (1) Agric. Mort. 6pc. 1958-59. INDUSTRIALS (1) Eurotunnel Warrants THIRD MARKET (1) Starks Hldgs.

NEW LOWS (38).
CANADIANS (1) Nevada Goldfields, CHEMICALS (1) Doeflex, ELECTRICALS (3) Dubilier Intl., ITL Information Tech., Norsk Data "A", ENGINEERING (2) Edbro, Hall (Matthew), FOODS (1) Matthews (B.), INDUSTRIALS (5) Bogod Pel. "A", DPCE, Doctus, Optical & Medical Intl., Reliance Sec. Group, LEISURE (1) Zetters Leisure, SHOES (1) FII Group, TRUSTS (3) Greenfriar Inv., Clayton Robard, Framlington, MINES (19), THIRD MARKET (1) Amercoeur Energy.

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LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursdays Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included4

London County2½% Cons Stk 1920(or after) – £25 (3Fe88)

Corp of London3½% Deb Stk 89/93 – £89 (2Fe88)

Greater London Council6¾% Stk 90/92 – £90¾ ½

Barings PLC8% Cum 2nd Prf £1 – 103½ ½ (2Fe88)

Commerzbank AgCdor(Iss Warburg) DM10 – £13 (29Ja88)

HB Samuel Group PLC8% Uns Ln Stk 89/94 – £88¾ 9¼

Lombard North Central PLC5% Cum 2nd Prf £1 – 42 7 (29Ja88)

Midland Bank PLC7½% Subord Uns Ln Stk 83/93 – £85¾

10¼% Subord Uns Ln Stk 93/98 – £102◆

...

Rivlin PLC5.125% (Net) Cnv Cum Red Prf £1 – 74 5 5

Ross Consumer Electronics PLCOrd 10p – 143 (1Fe88)

Scantro Hldgs PLC7.75% Cnv Cum Red Prf £1 – 100

Sharp & Law PLC8.5% Cum Red Cnv Prf 10p (Fp/PAL-2/3/88) – 165◆ 6◆

Splash Products PLC Ord 10p – 72

Titon Hldgs PLC New Ord 10p(Fp/LA-7/3/88) – 84 5 5 7

Willeire Systems PLC Fixed Rate Cnv Cum Red Prf 2p – 110 3

Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £63

The Third Market Appendix
No. of bargains included110

Abelscot Group PLC Cum Cnv Red Prf 2006 25p – 78 80 (29Ja88)

Medrace PLC Warrants to sub for Ord – 85 (3Fe88)

Norton Group PLC Ord 5p – 22 3 4 5 6 7

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intl. 138 A$3.6
ACMEX Holdings 95¢ (29/1)
Acorn Securities 18¢14,18½
Algoma Steel Corp C$14¼,14½
Alkane Exploration $29.572 (1/2)
Amatil 270 (1/2)
America Barrick Resources Corp Com NPV C$22½¢ 440,975
Ampol Expln. 100 A$2.661 (3/2)
Amsterdam Rotterdam Bank £16⅜,16.4 FL55.9,56 (3/2)
Aust. Foundation Inv A$1.056 (29/1)
Aust. Oil & Gas 25
Beverly Enterprises $6¢6.15¢6¾¢6¾¢6.3
Bligh Oil & Minerals 13½ (2/2)
Brush Wellman $24½ (29/1)
C.S.F. (Thomson C.S.F.) FR13,539.223◆
Central Norseman A$0.99¢
Churchill Resources A$0.35 (29/1)
Cons. Exploration A$0.753 (3/2)
Development Bank of Singapore S$9.702
Devex 111½
Du Pont $51¼¢ (1/2)
Free State Cons Gold Mines R28.15¢29¢
...
Palabora Mining 550 (1/2)
Pan Australian Mining 86 (1/2)
Pechiney Ugine Kuhlmann FR172¢174¢ (1/2)
Petroleum Securities Aust A$0.291¢ (2/2)
Pinevale Investments 18
Pioneer Electronic Corp. Y2760 (1/2)
Plenty River Mining Co 2⅛ (2/2)
Poseidon 195¢90,96
Quaker State £11½¢ $20½
Range Resources $0.15 (1/2)
Regal Hotels (hldgs) 10
Royex Gold Mining 200 C$4.7 (1/2)
Selangor Coconuts 39¢
Service Corp Int £13⅛¢ (2/2)
Sky Line Explortn 512½,525 (3/2)
Societe Nationale Elf Aquitaine FR258¢¢257.8,260,1,2,3½
Source Perrier FR539,540
Southwest Gold mines A$0.071 (3/2)
Sun Hung Kai Properties HK$8.552 (3/2)
Swire Pacific 'B' HK$2.65,2.675 (2/2)
Tandem Resources 20 (3/2)
Target Petroleum Ord 26 (2/2)
Target Petroleum 12 (1/2)
Terranar Resources 30 (1/2)
Third Canadian Gen Inv Tst £17 (29/1)
Valiant Consolidated 14 (3/2)
Village Main Reef 100 (2/2)
Waltons Bond 9 A$0.258
Wattle Gully Gold Mines A$0.04 (2/2)
Wharf Hldgs HK$6.183 (3/2)
Zone Petroleum C$0.09¢0.10¢0.11¢ (29/1)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Anglo American Agriculture 7½% Cnv. Un. Ln. 1999 £115 (2/2)
Ann Street Brewery 680,90
Associated Hotels 260 (2/2)
Barbican Hldgs 1½,2
Barbican Hldgs New ¼,⅜
Berwick Group 32,5 (2/2)
Celltech 410 (1/2)
Dolphin Intl. 27
Flightspares 825 (1/2)
Fredericks Place Hldgs. 62½
Greenstar Hotels 33,5¼
...

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LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday February 4 1988

Shipping & Transport	+ 9.83	All Share Index	+ 4.19
Contracting, Construction	+ 9.08	Financial Group	+ 3.84
Investment Trusts	+ 8.56	Industrial Group	+ 3.72
Telephone Networks	+ 8.35	Food Manufacturing	+ 3.71
Leisure	+ 7.73	Metals & Metal Forming	+ 3.06
Mechanical Engineering	+ 7.38	Packaging & Paper	+ 2.82
Overseas Traders	+ 7.29	Electricals	+ 2.55
Oil & Gas	+ 6.86	Consumer Group	+ 2.21
Motors	+ 6.27	Other Industrial Materials	+ 1.79
Conglomerates	+ 6.03	Merchant Banks	+ 1.85
Banks	+ 5.83	Insurance (Composite)	+ 1.61
Building Materials	+ 5.64	Electronics	+ 1.54
Property	+ 5.43	Food Retailing	+ 0.90
Health & Household Products	+ 5.38	Stores	+ 0.59
Other Groups	+ 5.03	Chemicals	+ 0.34
Agencies	+ 4.61	Textiles	+ 0.20
Capital Goods	+ 4.49	Brewers and Distillers	+ 0.04
Insurance (Brokers)	+ 4.30	Mining Finance	- 0.06
500 Share Index	+ 4.15	Gold Mines Index	- 8.40
Publishing & Printing	+ 4.12	[illegible]	- 20.00

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	33	56	27	155	353	72
Corporations, Dom. and Foreign Bonds	21	0	32	50	68	147
Industrials	221	727	610	1,726	2,487	3,577
Financial and Props	82	261	294	657	933	1,615
Oils	12	52	48	89	202	269
Plantations	0	3	10	5	13	47
Mines	61	57	79	203	347	435
Others	56	98	106	369	419	510
Totals	486	1,254	1,206	3,234	4,822	6,672

BANK RETURN

BANKING DEPARTMENT	Wednesday February 3, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	85,870,761	+ 4,054,700
Bankers Deposits	960,034,147	- 96,142,750
Reserve and other Accounts	2,001,685,081	+ 48,235,849
	3,062,222,989	- 53,971,801
ASSETS		
Government Securities	471,537,552	+ 4,862,498
Advances and other Accounts	1,046,680,278	+ 148,040,822
Premises Equipment & other Secs	1,540,830,432	- 197,795,937
Notes	3,186,602	- 8,004,180
Coin	318,087	- 40,037
	3,062,222,989	- 53,971,801
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,236,813,398	+ 58,004,180
Notes in Banking Department	3,186,602	- 8,004,180
	13,240,000,000	+ 50,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	2,632,325,016	- 141,742,220
Other Securities	10,606,659,881	+ 191,742,255
	13,240,000,000	+ 50,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Crdt	9	PK Finans. Intl (UK)	9½
Amro Bank	9	Co-operative Bank	*9	Provincial Bank PLC	10
Henry Ansbacher	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
ANZ Banking Group	9	Dunbar Bank PLC	9	Roxburghe Guarantee	9½
Associates Cap Corp	10	Duncan Lawrie	9	Royal Bk of Scotland	9
Authority Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
B & C Merchant Bank	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Sec. Ltd	9½	TSB	9
Bank Leumi (UK)	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	§10.2
Bank Credit & Comm	9	Robert Fraser & Ptrs.	10	United Bk of Kuwait	9
Bank of Cyprus	9	Girobank	9	United Mizrahi Bank	9
Bank of Ireland	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of India	9	● Guinness Mahon	9	Western Trust	9
Bank of Scotland	9	HFC Trust & Savings	9	Westpac Bank Corp	9
Banque Belge Ltd	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Barclays Bank	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Benchmark Bank PLC	9	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj Bank Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
● Charterhouse Bank	9	Mount Banking Corp.	9		

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EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 440	20	9	-	-	9	34 A	$ 442.50
GOLD C	$ 460	26	2.50	29	13.50	17	23	$ 442.50
GOLD C	$ 480	14	0.80	26	7.20	-	-	$ 442.50
GOLD C	$ 500	30	0.10	52	4	-	-	$ 442.50
GOLD P	$ 400	18	0.60	-	-	-	-	$ 442.50
GOLD P	$ 420	16	1.50	10	6.50	4	9.50	$ 442.50
GOLD P	$ 440	14	5.50 B	42	13.50 B	9	15.50	$ 442.50
GOLD P	$ 460	54	18.50	13	20.50	10	23	$ 442.50
GOLD P	$ 480	109	37 B	12	38 B	-	-	$ 442.50
GOLD P	$ 500	95	57 B	-	-	-	-	$ 442.50
		Feb. 88		Mch. 88		Apr. 88		
EOE Index C	FL 160	18	17.50	-	-	-	-	FL 177.94
EOE Index C	FL 165	11	13	-	-	-	-	FL 177.94
EOE Index C	FL 175	129	5	13	8.80	4	10.50	FL 177.94
EOE Index C	FL 180	174	2.30	6	6	24	8	FL 177.94
EOE Index C	FL 185	220	0.90	94	4	10	5.70	FL 177.94
EOE Index P	FL 165	202	0.60	14	3.10	-	-	FL 177.94
EOE Index P	FL 170	213	1.50	50	5	6	6.80	FL 177.94
EOE Index P	FL 175	111	2.70	15	7	-	-	FL 177.94
EOE Index P	FL 180	89	5.50 A	15	9	10	10.80	FL 177.94
EOE Index P	FL 185	-	-	36	11.20	3	13	FL 177.94
S/FI C	FL 180	-	-	39	10 B	-	-	FL 190.30
S/FI C	FL 185	5	5	14	6.20	-	-	FL 190.30
S/FI C	FL 190	41	1.80 B	43	3	-	-	FL 190.30
S/FI C	FL 195	-	-	4	1.40	22	1.80	FL 190.30
S/FI P	FL 185	2	0.70	23	1.80	2	3	FL 190.30
S/FI P	FL 190	11	2.30 A	4	4	-	-	FL 190.30
		Apr. 88		Jul. 88		Oct. 88		
ABN C	FL 48	240	0.20	-	-	-	-	FL 36.70
ABN P	FL 35	8	1	7	2	38	3.30	FL 36.70
AEGON C	FL 65	143	1.50	32	2.60	-	-	FL 60.40
AHOLD C	FL 75	23	2.50	46	4	-	-	FL 73.40
AHOLD P	FL 70	43	2	15	4.70	-	-	FL 73.40
AKZO C	FL 100	277	2	173	3.40 B	61	5.50	FL 90.20
AKZO P	FL 80	70	1	56	3.80	1	6	FL 90.20
AMEV C	FL 40	26	2	62	2.90	-	-	FL 39.50
AMEV P	FL 30	2	0.10	50	0.70	-	-	FL 39.50
AMRO C	FL 60	174	1	16	1.70	33	2.20	FL 56.10
ELSEVIER C	FL 50	44	1	31	2.40	5	3.70	FL 45
ELSEVIER P	FL 40	44	1 B	-	-	-	-	FL 45
GIST-BROC. C	FL 27.50	5	1.90	168	2.90	-	-	FL 27.40
GIST-BROC. P	FL 27.50	65	1.90	13	3.70	-	-	FL 27.40
HEINEKEN C	FL 130	95	2.40 A	61	5.20	1	8.50	FL 116.50
HEINEKEN P	FL 120	60	8.20	28	12	-	-	FL 116.50
HOOGOVENS C	FL 27.50	17	1.20	44	2.70	-	-	FL 25.70
HOOGOVENS P	FL 30	-	-	300	6.50	-	-	FL 25.70
KLM C	FL 30	1094	2.80	179	3.80	15	4.60	FL 31.50
KLM P	FL 30	341	1.40	9	2.40	36	3.70	FL 31.50
NEDLLOYD C	FL 200	216	4 B	-	-	-	-	FL 167
NEDLLOYD P	FL 160	105	11	-	-	-	-	FL 167
NAT.NED. C	FL 50	799	3.40	109	4.80	17	6	FL 52.20
NAT.NED. P	FL 50	76	1.50	3	2.50	2	3.50 A	FL 52.20
PHILIPS C	FL 25	99	1.20	20	2	18	2.80	FL 24.90
PHILIPS P	FL 27.50	96	3.70	-	-	2	4.80	FL 24.90
ROYAL DUTCH C	FL 220	123	4	48	6	6	9	FL 212.70
ROYAL DUTCH P	FL 220	20	10.50	52	20	10	22.50	FL 212.70
ROBECO C	FL 90	18	0.50	-	-	-	-	FL 84.20
ROBECO P	FL 90	16	8.50	-	-	5	11.80	FL 84.20
UNILEVER C	FL 110	284	5	34	8	5	10.10	FL 109.30
UNILEVER P	FL 110	55	6	10	10	2	11.60	FL 109.30

TOTAL VOLUME IN CONTRACTS : 19,802

A=Ask B=Bid C=Call P=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

Schlesinger Asset Management Ltd
6 Crosby Sq, London EC3A 6AQ 01-588 6995/4/5

Schlesinger Global Gilt Acc	26.6	28.4	-0.1	–
Do. Income	26.5	28.2	-0.1	0.19
Schlesinger European Acc	20.0	21.3	+0.1	–
Do. Income	20.0	21.3xd	+0.1	0.11
Schlesinger UK Eq Inc Acc	34.9	37.8	-0.1	–
Do. Income	34.3	36.2	-0.1	3.42
UK Cap Gth Acc	22.7	23.9	-0.1	0.75
Schlesinger Pac Basin Acc	27.4	29.2	-0.3	–
Schlesinger Mangd Currency*	137.9	143.7	-0.1	–

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Intnl Income Units	122.5	130.3	–	3.49
Intnl Accum Units	187.5	199.3	–	3.49
UK General Acc	36.7	39.2	-0.4	3.38
UK General Inc	35.5	37.9	-0.3	3.38
American	36.3	38.1	–	2.13
European	33.5	35.8	+0.3	1.26
Japan	34.7	36.6	-0.3	0.03
Technology	32.9	35.2	+0.1	2.29
Performance Trusts				
Far East Perf Tst	16.7	17.9	+0.1	2.00
High Inc Perf Tst Inc	23.3	24.9	–	5.36
High Inc Perf Tst Acc	23.7	25.4	–	5.36
Worldwide Tstd Perf Tst	25.8	28.7	–	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK Equity)	203.3	217.5	-1.9	2.70
Columbus (America)	129.2	134.0	+0.3	1.42
Marco Polo (Pacific)	200.9	214.9	–	0.26
Da Vinci (European)	210.0	224.7	+2.4	1.79
Drake (Worldwide)	50.3	53.8	-0.1	2.67

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	197.2	209.7	-1.2	2.70
UK Smlr. Cos. Equity	203.4	216.4	-0.4	1.96
UK Special Situations	57.6	61.3	–	2.40
Income Plus	51.0	54.3	-0.2	5.42
European	149.9	159.5	+0.2	1.70
Far Eastern	47.5	50.6	+0.1	1.87
Japanese †	51.6	54.9	-0.2	–
North American	108.1	115.1	-0.5	1.71
International Growth	102.9	109.5	-0.4	1.58
Worldwide Venture	50.9	54.2	-0.4	3.95

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-558 2341/2/3

Equity Growth Tst Acc	17.07	18.27	-0.03	3.03
Equity Growth Tst Inc	17.07	18.27	-0.03	3.03
Intl Growth Tst Acc	17.13	18.33	+0.02	1.44
Intl Growth Tst Inc	17.13	18.33	+0.02	1.44
Global Income Tst Acc	19.25	20.59	-0.04	5.66

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Feb 1	213.5	224.9	–	3.38

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton Group	142.2	152.8	+0.5	1.62

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & General	57.9	61.4xd	+0.1	6.65
Accum Units	58.9	62.5	+0.1	–
Income	78.9	83.7	-0.3	4.71
Accum Units	78.9	83.7	-0.3	–
Smaller Co's	84.3	92.1xd	-0.2	1.98
Accum Units	85.7	92.1	-0.2	–
UK Growth	87.1	92.4	-0.2	2.64
Accum Units	87.1	92.4	-0.2	–
Pacific Gwth Tst Acc	47.6	50.5	–	–

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	55.9	58.9	–	2.54
Technical Analysis Fd	49.2	52.4	-0.5	3.31

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	176.5	187.8	–	1.61
Friars Hse Inc Fd	151.1	159.0xd	–	3.80

United Charities Unit Trusts (a)(e)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	169.1	178.8	–	4.92

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Clothiers	177.4	188.7	+2.4	1.55
(Accum Units)	180.7	192.3	+2.4	–
Far East & Gen	52.2	55.5	+0.1	0.21
(Accum Units)	52.7	54.5	+0.1	–
Master Portfolio	64.624	66.261xd	-0.128	3.09
(Accum Units)	66.414	68.117	-0.132	–
American & Gen	54.3	57.8	–	1.83
(Accum Units)	55.1	58.6	+0.1	–
Growth	208.1	221.4	-0.3	2.06
(Accum Units)	312.1	332.0	-0.6	–
High Yield	268.9	286.1xd	-0.1	4.83
(Accum Units)	288.3	306.7	-0.1	–
Special Sits	51.0	54.3xd	-0.3	1.94
(Accum Units)	52.6	56.0	-0.3	–
Trustee	155.4	165.3	-0.6	4.64
(Accum Units)	250.1	266.1	-0.9	–
European Fund Inc	33.5	35.6	+0.2	1.19
(Accum Units)	33.6	35.7	+0.1	–

Wardley Unit Trust Managers Ltd (a)

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INSURANCES

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Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	375.7	395.6	—	—
Eb'r Ph. Eq.	334.1	356.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	159.3	167.6	-1.1	—
International Acc.	123.3	129.7	—	—
Property Acc.	123.0	129.4	—	—
Fixed Interest Acc.	151.3	159.2	-0.2	—
Money Acc.	136.0	143.1	+0.2	—
Bldg. Soc. Unit Acc.	133.0	139.9	+0.1	—
Special Mngd. Acc.Q	142.0	149.4	-0.6	—
Phoenix/Prudential				
Intnl. Growth Acc.	82.2	86.5	-0.3	—
Amer. & Gen. Acc.	75.9	79.8	+0.2	—
Capital Tst. Acc.	172.3	181.3	-0.3	—
Japan & Gen Acc.	173.5	182.6	+0.7	—
American Turn. Acc.	75.3	79.2	+0.6	—
Recovery Tst. Acc.	160.9	169.3	+0.4	—
Special Mngd Acc.	136.9	144.1	+0.1	—
Phoenix/GT				
International Acc.	118.7	124.9	-0.9	—
US & General Acc.	86.6	91.1	-1.1	—
Amer Spec Sits Acc.	59.2	62.3	-0.6	—
Japan & General Acc.	165.4	174.1	+1.5	—
Far East & Gen. Acc.	133.0	140.0	+0.1	—
UK Capital Acc.	168.7	177.5	-0.7	—
European Acc.	128.4	135.1	+1.1	—
Special Mngd. Acc.	121.1	127.4	-0.4	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.8	276.7	—	—
Man Pen. Inc & Cap Fd.	335.4	353.1	—	—
Money Fund	111.1	117.0	—	—
Pens. Mngd Fd (Init)	84.2	88.6	—	—
Pens Mngd Fd (Acc)	94.1	99.1	—	—
Pens FT30 Fd (Init)	126.9	133.6	—	—
Pens FT30 Fd (Acc)	142.1	149.6	—	—
Pens P'sun MgF d(Init)	54.4	57.3	—	—
Pens P'sun MgFd(Acc)	60.8	64.1	—	—
Pens Fxd Int Fd (Init)	107.2	112.9	—	—
Pens Fxd Int Fd (Acc)	120.0	126.4	—	—
Pens Deposit Fd (Init)	100.7	106.0	—	—
Pens Deposit Fd (Acc)	112.7	118.7	—	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	83.0	88.0	—	—
Building Soc. Fd.	158.0	167.0	—	—
Balanced	226.0	238.0	-1.0	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Feb 5	194.6	202.8	—	—

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	431.7	454.5	-1.6	—
Equity Fd.	877.1	924.2	-6.1	—
Intnl. Fd.	298.3	314.0	-0.1	—
Fixed Int. Fd.	358.8	377.7	—	—
Prop. Fd.	309.5	325.8	—	—
Cash Fd.	239.2	250.8	+0.1	—
Pacific Basin Fd.	162.3	170.9	-0.4	—
North American Fd.	116.4	122.6	—	—
European Fd.	129.0	135.8	+1.1	—
Holborn Balanced Gwth Fd	96.2	102.3	—	—
Holborn Strategic Gwth Fd	96.0	101.1	—	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	451.1	474.9	—	—
Equity	643.2	677.1	—	—
Global Equity	183.4	193.1	—	—
Fixed Interest	366.7	386.1	—	—
Property	302.2	318.2	—	—
Cash	137.4	144.7	—	—
Index Linked Gilt	161.1	169.6	—	—
Guaranteed	8.83	9.36	—	—
International Money	187.8	197.7	—	—
North American Fd.	52.5	55.3	—	—
Japanese Fund	113.7	119.7	—	—
European Fund	68.7	72.4	—	—
Special Situations Fd.	93.3	98.3	—	—
Communications Fund	76.0	80.0	—	—
Smaller Cos Fund	96.2	101.3	—	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretny Jan 27	£121.49	124.99	—	—
Equity Fund Jan 27	£130.75	134.72	—	—
Intl Fund Jan 27	£19.87	20.44	—	—
Intl Bond Fd Jan 27	£10.57	10.75	—	—
Fixed Int Jan 27	£66.05	66.86	—	—
Index Linked Jan 27	£49.39	50.26	—	—
Property Fund Jan 27	£78.02	82.67	—	—
Cash Fund Jan 27	£18.1111	18.1111	—	—
Pre-Linked Retirement Plan				
Managed Fd Feb 3	305.2	318.0	—	—
Cash Fund Feb 3	172.0	179.2	—	—

Prudential Pensions Investment Account

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅞	Exch 10½pc '88	100⅜	......	10.47	9.05
101⅛	98⅝	Treas 9¾pc Cv '88	100¼	......	9.73	9.11
98⅝	93¼	Transport 3pc '78–88	98⅛	+⅛	3.05	6.89
101⅝	98⅛	Treas. 9½pc '88	100⅛	–⅛	9.49	9.28
105⅜	101⅛	Treas 11½pc 1989	102⅛xd	–⅛	11.25	9.23
102¾	97⅜	Treas 9½pc Cnv 1989	100⅛	–⅛	9.48	9.26
96⅛	89⅞	Treas 3pc 1989	95⅝		3.13	6.39
104⅝	99⅜	Treas 10½pc 1989	101⅝	–⅛	10.36	9.36
103¼	98⅛	Exch 10pc 1989	100⅝	–⅛	9.92	9.38
105⅝	100⅛	Exch 11pc 1989	102¼	–⅛	10.75	9.41
96⅛	89⅛	Treas 5pc 1986–89	95⅝	......	5.21	7.54
108¼	99⅝	Exch 10½pcCv '89	102⅝	–⅛	9.97	8.47
111⅛	104⅜	Treas 13pc 1990‡‡	106⅜	–⅛	12.22	9.30
106⅛	100⅜	Exch 11pc 1990‡‡	102⅞xd	–⅛	10.70	9.40
110¼	103⅜	Exch. 12½pc 1990	105⅝	–⅛	11.81	9.40
92⅝	84⅛	Treas. 3pc 1990	91⅝		3.26	6.95
100¼	93⅜	Treas 8¼pc 1987–90‡‡	98⅝	–⅛	8.34	8.78
100⅝	98	Treas. 8pc Cv 1990	99⅛	+⅛		
105	97⅛	Treas. 10pcCv 1990	101⅛	–⅛	9.87	9.40
91⅛	81⅛	Exch 2½pc 1990	89⅛	+⅛	2.80	6.79
110⅛	102⅝	Treas 11¾pc 1991	105⅝	–⅛	11.09	9.38
95¼	87⅛	Funding 5¾pc '87–91‡‡	93⅛	–⅛	6.17	8.24
90¼	80⅛	Treas. 3pc 1991	88⅝	–⅛	3.39	7.09
110⅝	96⅛	Treas 10pc Cv '91 ‡‡	103	–⅛	9.69	8.88
109⅝	101⅜	Exch. 11pc 1991	104⅝	–⅛	10.48	9.38
99	91⅜	Treas. 8pc 1991	95⅝	–⅛	8.35	9.31
116¼	107⅛	Treas 12¾pc 1992‡‡	110⅛	–⅛	11.51	9.42
106⅜	97⅝	Treas 10pc 1992	101⅝xd	–⅛	9.81	9.41
99⅛	90⅜	Treas. 8pc 1992 ‡‡	95⅛	–⅛	8.39	9.35
108⅜	99⅛	Treas 10½pc Cv 1992‡‡	103⅝	–⅛	10.13	9.42
86⅝	79⅛	Treas. 3pc 1992	84⅛		3.56	7.29
115⅝	105⅝	Exch. 12¼pc '92	110xd	–⅛	11.13	9.46
121⅛	110⅜	Exch 13½pc 1992	114⅛	–⅛	11.78	9.51
		Five to Fifteen Years				
107⅛	97⅛	Treas 10pc 1993‡‡	102⅛	–⅛	9.79	9.45
118⅜	107⅛	Treas 12½pc 1993‡‡	112⅜	–⅛	11.12	9.51

BRITISH FUNDS – Contd

Undated

Index–Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	25⅝	+⅛	$1.20	–	2.6
18⅞	8¾	Rockwell Intl. $1	18⅝	+¼	66c	–	3.5
30½	16¼	Sara Lee $1(1/3)	22⅛xd	+¼	$1.20	–	3.0
11⅞	8¾	Saul (B. F.) $1	10¼	–⅛	20c	–	1.1
27½	21⅛	Southwestern Bell $1	21⅞	+⅛	h$2.32	–	5.9
22⅛	994p	♦Staley Continental‖	12⅝		80c	–	3.5
44⅞	21⅝	Sun Co. Inc. $1	30⅝xd	–½	$3.00	–	5.4
42¼	22⅛	TRW Inc. $0.625	26⅝	–⅜	h$1.60	–	3.3
37⅛	21	Tenneco $5	22⅝xd		$3.04	–	7.4
220	149¼	Do. 10pcLn.Stk. 91-5	155		10%	–	14.7
29⅞	15⅞	Texaco $6.25	20¾	–¼	$3.00	–	7.9
74⅞	36⅞	Time Inc. $1	48⅞	+⅜	$1.00	–	1.1
30¾	15	Transamerica $1	18¾	+¼	$1.84	–	5.4
14¾	1¼	Transworld Corp $5	853p		20c	–	1.3
27⅛	12½	TRINOVA Corp	17		56c	–	1.8
24⅞	12⅝	♦USX $1	17½	+⅛	$1.20	–	3.8
37⅞	16¾	Utd. Technologies	21⅛	–⅛	$1.40	–	3.6
38⅝	25⅞	US West‖	30¼		$3.28	–	5.8
30½	17⅛	Waste Management $1	29⅞	–¼	36c	–	1.0
31⅛	11⅝	Whirlpool $1.0	15¼		–	–	–
37⅛	16½	♦Woolworth $3½	22⅞	+⅛	$1.32	–	3.2

CANADIANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp ‖	268p	+16	–	–	–
26¼p	10p	♦Abbot Energy Corp	18p		–	–	–
18¼	506p	♦Amer. Barrick Res	10	+⅛	–	–	–
141p	4p	American Lightwave	4p	–½	–	–	–
122p	33p	♦Armeno	36p		–	–	–
117p	39½p	Augmitto Expln	59p	–3	–	–	–
19¾	10⅝	Bk. Montreal ‖	11½	–¼	$2.00	–	7.7
10½	483p	Bk. Nova Scot.‖	547p	–7	72c	–	5.8
20⅞	15	BCE ‖	16¾		$2.40	–	6.3
10⅛	511p	♦Bow Valley‖	665p	–1	♦40c	–	2.7
20	10⅛	♦Bracan‖	18⅝	+⅛	80c	–	3.7
609p	186p	♦Breakwater Res	256p		10c	–	2.1
11⅝	734p	Can.Imp.Bk. $2	821p	–7	$1.08	–	5.8

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES – Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
133	95	M.L. Laboratories 1p	121	–6	–	–	–	–
180	87	Medirace 10p	133	......	–	–	–	–
38	23	Norton Group 5p	25	–3	–	–	–	–
98	38	Oroca Gold IR 2p	44	–2	–	–	–	–
48	38	Propeller 1p	38		W–	–	–	11.9
*82	16	Publishing Hldgs 5p	17xr	–1	–	–	–	10.2
128	73	Seacon Hldgs	73		–	–	–	11.1
27	18	Stats Hldgs. 5p	27	+3	–	–	–	69.1
4½	3	Swanyard Studios 3p	3¼	......	–	–	–	18.5
87	38	Theme Holdings	58		1.0	1.9	2.7	26.8
36	28	Tomorrows Leisure 20p	31		–	–	–	12.4
210	128	UPL Group 10p	130		L2.41	2.8	2.5	19.5
140	103	Und Group	140		R4.6	2.5	4.5	(10.0)
85	85	Video Tape Recording 5p	85		L2.3	2.3	3.7	12.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✢ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♣ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986–87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	69	
Craig & Rose £1	625	–13
Finlay Pkg. 5p	77	–1
Holt (Jos) 25p	£21½	
IoM Stm. £1	250	

IRISH

Stock	Price	+ or –
Fund 11¼% 1988	£100½	
Nat. 9¾% 84/89	£100½	
Fin. 13% 97/02	£114⅝	
Arnotts	310	
CPI Hldgs	75	
Carroll Inds	148	–2
Hall (R. & H.)	108	
Helton Hldgs	43	
Irish Ropes	120	
Unidare	305	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied–Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	25
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Grd	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	65
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	33
Legal & Gen	30
Lex Service	55
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES
Saturday February 6 1988

High Court move over ferry strike

BY JIMMY BURNS AND RAYMOND HUGHES

THE HIGH Court yesterday agreed to speed up legal proceedings sought by ferry companies against the National Union of Seamen after striking seafarers refused to return to work.

Mr Justice Michael Davies granted an application by Sealink UK and Peninsular & Oriental that a hearing to consider possible sequestration of the union's assets be brought forward from Tuesday to Monday.

The judge said he would have to decide next week whether there had been "connivance" by union officials or whether the striking seamen were now acting spontaneously.

Mr Sam McCluskie, NUS general secretary, said on Thursday that he had agreed to withdraw the strike call he issued last weekend in support of 161 seafarers dismissed by the Isle of Man Steam Packet Company.

But in court yesterday, the ferry companies accused Mr McCluskie of complying with the letter but not with the spirit of his promise to call off the strike.

The union's national executive last night issued a short statement in support of the position taken by Mr McCluskie. NUS officials said afterwards that they considered continuing strike action over "local issues" to be "within the law".

Mr Tony Richards, a member of the national executive, said last night: "The union's position has not changed."

Seamen will be holding a series of local meetings over the weekend, but the strike seems likely to continue at least until after Monday's hearing.

Extensive disruption of ports on both sides of the Channel continued yesterday as thousands of seamen remained on strike over what they claimed were local disputes with Sealink UK and P&O.

Dover, Britain's biggest ferry port responsible for 50 per cent of European-bound sea freight, was operating at about a third of its capacity while other important UK ports remained at a standstill.

The Harbour Authorities reported that truck drivers were "good-spirited" even though well over 1,000 lorries were likely to be marooned for the weekend. Cross-channel weekend "trippers" were urged not to attempt a crossing.

In Calais, local authorities provided emergency parking space for more than 500 stranded lorries even though French seamen by last night had not joined the strike.

Ferry companies hope the latest High Court move could change attitudes among union members over the weekend.

Sealink UK said yesterday it had written to the NUS asking for clarification of local grievances in a move the company hopes could also help bring about an early end to the strike.

Fraught times for freight handlers, Page 5

Soviets rehabilitate Stalin's leading opponent

By Charles Hodgson in Moscow

THE SOVIET authorities yesterday announced the judicial rehabilitation of Nikolai Bukharin, the Bolshevik leader executed under Stalin in the purges of the 1930s.

Mr Gennady Gerasimov, the Foreign Ministry spokesman, said a Politburo commission approved a Soviet Supreme Court decision to clear Bukharin, Alexei Rykov, another leading opponent of Stalin, and 18 others convicted at a show trial 50 years ago. The court ruled that the trial had been falsified" and that "all evidence from the accused had been "obtained by unlawful means".

Mr Gerasimov stressed that this was a legal move, overturning the March 1938 verdict but said political rehabilitation was being examined by the commission set up by Mr Mikhail Gorbachev, the Soviet leader, to review the Stalin era.

He added that the cases of those condemned at other Stalin show trials were also being reviewed by the Supreme Court. "This is just the beginning of the commission's work. There are many more people and a great many documents to be examined," he said.

Mr Gorbachev appeared to clear the way for the rehabilitation of Bukharin and other purge victims in a speech last November. Although he defended the theory behind Stalin's agricultural and industrial policies, and criticized Bukharin's "dogmatic thinking", the Soviet leader said strict centralisation had led to "real crimes" being committed with negative consequences for the country.

Western diplomats said yesterday's decision showed Mr Gorbachev intended to pursue his radical review of Soviet history, which has prompted open debate in the media about Stalin's excesses.

It has been suggested by Western analysts that many of the Mr Gorbachev's economic policies, particularly his encouragement of small-scale private businesses and sub-contracting of production on collective farms to family or team groups, take their inspiration from Bukharin.

"Gorbachev appears to believe that Bukharin's ideas were right but the timing was wrong,' one diplomat said.

Bukharin was seen as one the greatest Bolshevik theoreticians, providing Lenin with many of his ideas.

He became Stalin's main political opponent in the late 1920s and early 1930s, arguing against large-scale industrialisation and opposing the forced collectivisation of agriculture in which millions of peasants died.

Bukharin was accused of working for a foreign power, declared an enemy of the people and shot.

THE LEX COLUMN

An unlucky strike for equities

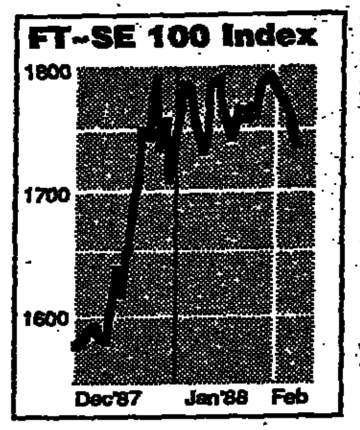
For once, yesterday's move by the equity market was not a surprise, even in its timing. After weeks of pathetically thin trading in a narrow range, the market had to make a break one way or the other, simply to earn a living. What determined that the move should be downwards is debatable; it was a rumour-ridden day, and there was heavy pressure on the FT-SE futures market. The biggest single influence, though, was probably the strike action at Ford.

This is not just an atavistic reaction to the spectre of the '70s, though there may be a touch of that. The real worry is that the labour market is responding rationally to skill shortages, and that, with limited scope remaining for productivity gains, the pressure on unit costs is becoming acute. The authorities have already made explicit their hostility to bailing industry out through the medium of the exchange rate, and pessimists suggest that, once the Budget is out of the way, the Chancellor may even push sterling up through D-Mark 3 to ram the message home.

The more pressing question for equities is whether yesterday's fall was, in fact, a market break. It has been a field day for the chartists, but they, as usual, cannot agree on whether a support level has been breached, let alone where the next one might be. Commonsense suggests, though, that 1,800 on the FT-SE has been a generally recognisable goal, and that, having failed on Monday to close above it for the ninth time since mid-December, the market is now more concerned with finding a floor. With luck, this might turn out to be 1,700, which would at least allow for a trading range of 100 points rather than the 50 of recent weeks.

On the other hand, there is still plenty of scope for external shocks, ranging from next Friday's US trade figures to further moves on domestic interest rates. Last Monday's rise turns out to have dealt the market rather a blow, and, if the authorities are still concerned about the level of equities, they they might do well to give the market a breathing space.

FT Index fell 23.8 to 1387.1



Wall Street

While Wall Street has fallen far less sharply than the London stock market in the three and a half months since the Great Crash, it is still 29 per cent off its August peak. This fits a bear market by any description. Admittedly, its decline is nowhere near as severe as that experienced in the aftermath of the 1929 Great Crash, when the Dow fell by 86 per cent, but it is still greater than the average 27 per cent decline of post-war bear markets. This perhaps explains why it is possible to find a surprising number of people on Wall Street these days who are betting that the next major move by the market will be up, rather than down.

The bullish case for US equities rests on sluggish economic growth, falling interest rates and continued low inflation. The hope is that a recession can be averted and corporate profits will continue their double digit growth rate. By contrast, the bears have smelt a recession and reckon that this will take a heavy toll on corporate profits. For the moment, concerns about the health of the US dollar have been replaced by worries about the pace of the US economic slowdown, and, judging by the response of the US bond market to yesterday's US employment figures for January, recessionary fears are in the ascendancy. They paint a picture of an economy which is slowing down sharply.

Whether this will result in a recession depends very much on the response of the Federal Reserve, whose Open Market Committee meets next week to set US monetary policy. Wall Street's ability to read the Fed's attitude towards the economy is complicated both by varying opinions about the tightness of current monetary policy, and by the mixed signals coming from the various Federal Reserve Board members. The financial markets would be far happier if Mr Paul Volcker were still running the show and giving the impression that someone was in charge. The next best hope for equities is that the Fed will ease its monetary stance to soften the impact of the current sharp slowdown, and that next week's trade figures will confirm that export-led growth is beginning to take up the slack in the economy.

Gold

The $40 fall in the gold price so far this year suggests that one market at least takes its macroeconomic forecasters seriously. Equities and gilts may have dithered, but the gold price seems to be issuing a clear warning that there will be a recession, or at any rate a slowing of economic growth, sufficient to make any inflationary worries look foolish.

Investors have apparently survived the trauma of the crash without becoming basket cases anxious to combat uncertainty at all costs. Those who nevertheless persist in seeking a safe haven appear more drawn to cash, on the grounds that a real yield of 4 per cent is a lot better than no yield at all.

Even if the gold market's fear of recession should prove as wide of the mark as its pre-Christmas conviction that share price volatility and a falling dollar would mean ever-rising gold prices, there are other, more fundamental; reasons for the metal's weakness. For the first time in several years, questions of supply, rather than investors' whims, have started to drive prices.

Producers and investors began the year on different planets: while investors thought gold could only go up, producers judged that a price of $500 an ounce was too good to miss, and started selling forward large slices of production. The effect has been compounded by the booming business in gold loans. Mining companies, which since October have found the stock market closed to them, have borrowed gold against future production, much of which has quickly found its way onto the spot market. Indeed, the gold investors have become so touchy about the bearish effect of such financing that mere talk of the biggest-ever gold loan by Newmont Mining was responsible for much of this week's $20 fall in the price.

Yet neither forward sales nor gold loans can go on depressing prices indefinitely. Both techniques involve a sale today at the expense of one in the future, implying that the more prices are pushed down now, the more they stand to rise later.

Building supplies merger proposed

By Nikki Tait

NEWMAN TONKS, the Midlands-based door controls and building supplies company, yesterday unveiled an agreed £77m bid for Henderson Group, manufacturers of garages and industrial doors, sliding door gear and access control systems.

News of the merger, which will create a building supplies group with sales of some £200m, comes after months of rumours about a link-up between the two groups. As recently as last week, when annoucing its full-year figures, Newman Tonks was explaining that talks had taken place but that areas of disagreement – thought to centre on price – meant that these were no longer continuing.

Yesterday, Henderson rejected suggestions that it was embracing Newman Tonks as a "white knight". The possibility of a three-way contest, however, cannot be ruled out with Evered Holdings, the acquisitive industrial holdings group headed by the Abdullah brothers, owning just under 24 per cent of Henderson's shares.

Yesterday, the only official comment from the Evered camp was that it had "noted the price which Henderson had put on itself and was considering the options". However, the fact that the offer is largely in paper with no cash alternative, is not likely to be welcomed by Evered.

Evered acquired its initial 14.3 per cent holding in Henderson in October, buying some 3.2m from Carousel Investments, a Swiss-based company in which a third Abdullah brother, Ahmed, is a manager. This was added to in December and January. Evered's average purchase price is slightly more than 330p.

The latest figures from Newman Tonks showed a 21 per cent increase in pre-tax profits during 1986/7 to £14.06m, on sales of £130m. Henderson saw profits fall by £1m to £4.4m in the last full year on sales of £87m, but showed a 38 per cent profits improvement to £3.06m in the half-year to end-August.

The terms of the offer are 67 Newman Tonks shares plus 180p in cash in for every 36 Henderson. With Newman Tonks down 5p at 180p, that values each Henderson share at 340p. In the market, Henderson gained 16p to 345p.

Shareolders speaking for 18.2 per cent of Henderson have indicated that they will back the merger. Newman Tonks is also thought to have picked up some 500,000 shares yesterday – slightly more than 2 per cent of Henderson's shares.

South Africa plans to privatise state-controlled industries

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday outlined plans for the privatisation of state-controlled industries, tax reform, lower subsidies and a politically risky pay freeze for civil servants.

Those affected include thousands of Afrikaners wavering between support for the National Party and for the right-wing Conservative Party opposition. Civil servants, whose pay represents 32 per cent of government spending, will receive only an annual seniority increase without the usual annual inflation-linked rise.

The proposals for less government interference in the economy came in a speech by President P.W. Botha, opening the new session of the racially segregated tri-cameral parliament, in which he made only the briefest reference to political reform.

The Government has been working on its privatisation plans for two years, closely following the UK and European experience. Top of the list for privatisation are the state phosphorus corporation Foskor and parts of the Eskom electricity supply corporation.

"The government has already decided in principle to table the necessary legislative amendments for the conversion of Eskom, Sats [which controls road transport, railways, South African Airways and harbours] and the PTT into tax-paying, profit-seeking enterprises, either in their entirety or after sub-division into appropriate business undertakings," Mr Botha said.

In addition Mr Botha said the Government was prepared to sell its shareholding in Foskor and was restructuring other state corporations like Iscor, the iron and steel group, "to make privatisation possible."

The Government has already successfully privatised Sasol, the oil-from-coal complex. The Industrial Development Corporation, which formerly controlled Sasol, will now be told to sell its shareholdings in other companies and change its function to helping fledgling small and medium-sized businesses.

Privatisation will be accompanied by tax reform along lines proposed by the recent Margo Commission. General sales tax will be abandoned in favour of a EC-style value added tax. The broad aim is to shift more of the tax burden to indirect taxes which are paid by all population groups, including blacks who now pay little income tax.

Meanwhile, the Government will proceed with deregulation aimed at encouraging both the "informal sector" and emergent black business. In theory, the proceeds from privatisation will be invested in housing, education infrastructure and other projects in black areas, although in practice economists expect that part of the funds will be diverted to refinancing the government's deficit-ridden state employee pension system.

A leading private sector economist said business would await the budget and promised white paper on nationalisation before judging the fiscal and other implications of what is seen as a long-term policy.

After three turbulent years in which political reform dominated the agenda, this year's policy speech dismissed the domestic situation in three cursory paragraphs. These merely pledged to "proceed with measures already announced."

Ministers later told journalists that the Government had no plans to lift the state of emergency or introduce the proposed "national statutory council" during this session, and that changes to the Group Areas Act would be limited to legalising certain racially "grey" areas.

The Government's decision to try to switch attention to socio-economic change comes amid renewed uncertainty over the future price of gold and fears of higher inflation and renewed balance of payments constraints if public sector spending is not cut.

Background, Page 2

Surge in US bond prices as unemployment stays at 5.8%

BY ANTHONY HARRIS IN WASHINGTON AND JANET BUSH IN NEW YORK

US UNEMPLOYMENT was unchanged at 5.8 per cent in January, for the second successive month, as the growth in employment slowed to match the continuing increase in the US labour force.

The financial markets saw the figures as offering further evidence that the US economy is slowing sharply in the first half of 1988.

The bond market reacted favourably, as it did to recent figures suggesting a sharp accumulation of inventories.

Bond prices surged a full point seconds after the unemployment figures were released and then steadily gained nearly another point by early afternoon, taking the yield on the Treasury's benchmark 30-year long bond to 8.27 per cent, its lowest level since early April

The credit market gains reflected hopes that the Federal Reserve Board will respond to signs of slowing growth – and the absence of cost pressures – by further easing US monetary policy.

In particular the markets noted that non-farm payroll jobs rose by 105,000 – only about half the rise expected. There was a much stronger increase in total civilian employment, which rose by 385,000 in January, but this figure is regarded as a less reliable short-term indicator.

The growth of manufacturing employment, which has been recovering strongly, slowed in January to 25,000 new jobs, but the average working week rose slightly to 41.1 hours. Average overtime working remained at 3.9 hours – regarded as very high.

Further encouragement for the bond market came from the earnings figures. Average hourly earnings have risen by only 2.9 per cent in the last twelve months, which represents a small fall in real income.

Given the rise in US productivity, which faltered slightly last month, the increase in unit labour costs remains very modest.

While there have been some signs of strength in recent US statistics – notably a further rise in manufacturing order books – and some recovery in car sales, there is growing evidence that domestic demand is now improving only slowly.

The construction industry remains the weakest sector of the US economy.

Construction employment fell by about 50,000 in January, seasonally adjusted, and there was also a modest fall in mining and extractive employment.

For the non-service economy as a whole, employment fell by nearly 40,000. Service employment, especially in retailing, remained buoyant, with an increase of 146,000 in the month.

Export demand is the main contributor to growth.

The Congressional Budget Office forecast yesterday that growth in 1988 as a whole would slow to 1.8 per cent, as a result of a weak first half of the year, before recovering to 2.6 per cent in 1989.

Continued from Page 1

SIB

new Stock Exchange system CRAS (Counterparty Risk Assessment System). This will help them measure their risk until their own systems are up to the task.

Firms will have to put aside 25 per cent of the total amount demanded by the rules for some of their measured market risk by August this year. This requirement will rise to 50 per cent on October 1 and 100 per cent by next January.

Mr Alan King, deputy director of the SIB, said pointedly that every firm should have its rump of unsettled bargains cleared by the end of the year

The chief burden of the new rules falls on securities firms' settlement systems – some have their own, others use the computer bureaux NMW or software systems from CCF.

Mr Tim Simon, managing director of CCF, said he thought the postponement would help the whole market. CCF, whose system is used by 30 securities firms, would be ready with a minimum system by the old deadline of April 25, but most firms would not meet the newly extended deadline.

The SIB is expected to adopt a reasonable attitude to other sections of the regulations that firms were finding difficulty in meeting.

All securities houses, for example, are faced with sending out thousands of detailed client agreement letters for return by the end of April.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES						
Central TV	568	+ 30		GKN	296	− 11
Henderson Group	345	+ 16		Glass Glover	180	− 22
TSL Group	105	+ 17		Great Portland Est.	290	− 10
Tate & Lyle	809	+ 18		ICI	£10¼	− 3/16
FALLS				Jaguar	333	− 11
				Legal & General	259	− 6
Barclays	473	− 11		P. & O. Defd.	539	− 13
British Gas	133	− 5		Reuters B	483	− 23
Cable & Wireless	337	− 13		Sedgwick	210	− 9
Calor	563	− 14		TI Group	313	− 17
Commercial Union	316	− 8		Wimpey (G.)	239	− 10

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Dallas†	Sn	0	32	Madeira	S	16	61	Prague	F	8	46
Algiers	S	19	66	Dublin	S	6	43	Madrid	F	12	54	Reykjavik	S	-7	19
Amsterdam	S	8	46	Dubrovnik	R	13	55	Majorca	S	17	63	Rhodes	F	16	61
Athens	R	14	57	Edinburgh	F	4	39	Malaga	F	19	66	Rio de Janeiro		-	-
Bahrain	S	19	66	Faro	S	16	61	Malta	S	17	63	Rome	F	14	57
Barcelona	F	16	61	Florence	F	12	54	Manchester	C	5	41	Salzburg	S	9	48
Belfast	F	4	39	Frankfurt	R	7	45	Melbourne	C	31	88	S'Francisco†	F	5	41
Belgrade	F	12	54	Geneva	R	6	43	Mexico City		-	-	Santiago		-	-
Berlin	R	6	43	Gibraltar	C	17	63	Miami†	S	18	64	Seoul	S	5	41
Biarritz	S	18	64	Glasgow	C	4	39	Milan	C	6	43	Singapore	F	30	86
[illegible]															

C–Cloudy; D–Drizzle; F–Fair; Fg–Fog; H–Hail; R–Rain; S–Sunny; Sl–Sleet; Sn–Snow; T–Thunder.
† Noon GMT temperatures

France wins Jordanian order for 20 combat jets

BY PAUL BETTS IN PARIS

FRANCE is to supply Jordan with 20 Mirage 2000 combat jets and modernise the kingdom's 15 Mirage F-1 fighters under an agreement reached in Paris by King Hussein and Mr Jacques Chirac, the French Prime Minister.

The agreement will give a significant boost to Dassault-Breguet, the French military aircraft maker, which has not won an important fighter export order for two years.

It will also be a blow to Britain, which had proposed the Tornado to Jordan, and to the Soviet Union, which had tried to sell the Mig 29.

Competition for the Jordanian order had intensified after the US Congress blocked the proposed sale of US-built F-16 fighters to Jordan. This move followed pressure from Israel, which has already ordered F-16s.

Sale of the 20 Mirage 2000s, each worth about $24m, is expected to result in another, similar order being placed for the jets in two years.

Richard Johns in London writes: Officials in Whitehall believe that the UK's chances of selling the Tornado interceptor variety are not dead and that the Paris agreement amounts to no more than a letter of understanding.

Continued from Page 1

NYSE trading capacity

there will be any legislation to tackle these needs, or whether it will be left to the markets to get their own house in order.

Mr Alan Greenspan, chairman of the Federal Reserve Board, has rejected a suggestion that the Fed should be given overall responsibility for the securities markets. Even Mr David Ruder, chairman of the SEC, who has urged that his agency should be given authority over all equity-related products, has conceded that the chances of significant legislation in this respect are "slight."

Janet Bush in New York adds: Goldman Sachs yesterday announced it was stopping stock index arbitrage on its own account in response to the NYSE's decision on Thursday to place permanent curbs on this kind of computerised programme trading. Goldman's move follows similar decisions by Shearson Lehman.

Stock index arbitrage takes advantage of price differences between stock index futures and their underlying stocks in the cash market

WEEKEND FT

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Sir Gordon Newton, Lord Drogheda and Sidney Henschel

THE TRIUMVIRATE

Next week sees the centenary of the FT. David Kynaston looks back at the three men who created the present character of the newspaper

BRENDAN BRACKEN was right. People *are* more important than money in the making (or breaking) of a newspaper business. In the case of the *FT*, going virtually through the 1950s and 1960s, three people dominated the day-to-day life of the paper and presided over its astonishing transformation from a smallish, City-focused "rag" into a major and highly respected national and international organ. These were decades of phenomenal growth for the paper and represent one of the two or three great success stories of post-war Fleet Street.

The three men who oversaw this expansion were the editor Gordon Newton, the managing director Lord Drogheda and the advertisement director Sidney Henschel. This is not to deny that others played an important part – after all, the "triumvirate" between them hardly wrote a word in the paper. But no-one who was present during these years would question that they were the three who lay, unrivalled and almost beyond criticism, at the heart of the operation.

Gordon Newton was one of the most extraordinary editors in post-war Fleet Street and arguably the most successful. Certainly he was the most important single person in the first 100 years of the *FT*. As he has become a legend in his own lifetime, so myths have grown about him that tend to mask the reality of the man who, rather against the odds, was chosen by Bracken in 1949 to succeed Hargreaves Parkinson.

In appearance he was not unlike a carved Red Indian, with a glacial, rather hatchet face, tight lips, straight jaw and skin drawn tight over it. The effect was daunting and, until the 1960s, seldom transformed by a smile. His physical stamina was extraordinary and he possessed the rare gift in an editor of being able to accelerate his pace in the evening. During the early years he seldom left the office before the small hours.

He was in no sense an intellectual, nor was he even particularly interested in the City or the Stock Exchange as such. Unlike Drogheda he was no aesthete. He had no interest in things sartorial; while as for being a gourmet, he was once taken out by his Paris correspondent to one of the city's finest restaurants and chose sardines followed by liver and bacon, washed down with beer. He was a keen follower of all kinds of sport, was a lifelong fisherman, played golf, did the crossword and enjoyed an occasional musical. He was, in short, on the same wavelength as the average *FT* reader of those days, that celebrated commuter on the 8.10 from Surbiton. And granted that affinity, he was able, as editor, to rely on his instincts and his hunches, knowing they would rarely betray him.

His most famous foible, presumably unconscious, was the string of marvellous oral neo-Spoonerisms that have passed into *FT* folklore. Often they were highly creative, as when he instructed a leader writer to "keep it tert," or described someone as being "nonpulsed," or referred to an "insinnuendo." He would say of having a first leader on the subject of the press: "We shall grind our own horse." Perhaps the best was his description of an acid, humorous book review, which he called "a superb little vinaigrette."

The man himself was the strangest of amalgams. He was never an easy person to get close to, possessed no small talk and seemingly little sense of humour. He was prone to long silences that had the effect of virtually freezing people out. He could be intensely suspicious. There was also, at some level, a prudish streak to him. During the 1960s – attended by worldly success and recognition, including a knighthood in 1966 – he gradually mellowed and became somewhat more relaxed. Before that, however, "tert" was the word.

Someone who knew him best, though more in the 1960s than the 1950s, has described Newton as having the gut instincts of a French peasant. In some basic sense it is an apt analogy. The cash may not have been hidden under the mattress, but it was never freely on display. Yet the analogy has its limitations, for there was more to Newton than that. His human qualities were many. He was a man of innate modesty and honesty, straightforward and truthful. He was in no way a snob and was bereft of personal ambition, whether social or financial, seeing himself as a technician in the service of his paper. He was fundamentally unprejudiced, had no axes to grind and had the adaptability to be receptive to new ideas. He listened and he cared. His judgment of people became legendary for its accuracy.

Above all, perhaps, he was an enthusiast, in love with his job as editor and all, or almost all, it entailed. He had no grand visions, either for himself or for the *FT*, but instead lived from day to day. He was the ultimate round peg in the round hole, performing a function at which all his particular qualities were placed at a premium. As the editor of, say, the *Economist*, he would have been a disaster; as the editor of a daily paper, the bedrock of which was fact and information, he was almost perfect.

There could not have been a more "hands-on" editor. He hardly ever wrote himself. Asked once if he wrote leaders, he replied "No, of course I don't. What's the point of having a dog and barking yourself?" He kept his desk clear and spent much of the day "on the beat," going from office to office (with a chair reserved for him in each) and asking what became the time-honoured question, "What are you on?" as he peered over the journalist's shoulder. His commitment to the next day's paper, followed by the next, and the one after that, was absolute. Although he gradually extended his range of contacts with important people in the outside world, befitting the paper's enhanced status, he never forsook that commitment, which he believed to be the prime duty of an editor.

How did Newton behave towards his staff? It is impossible to deny that he could be extremely tough, even brutal, in both his manner and treatment. Perhaps it was because of an inner shyness, perhaps because of the need to establish and then retain his authority, but for whatever reason he presented himself, especially during the 1950s, as something of an ogre, smiling rarely, seldom bestowing praise and quick to find fault. Yet in many ways Newton could be an extraordinarily good and liberating person to work for. He was always accessible and decisive; one knew where one stood with him. He might show anger or irritation, but he bore no grudges and the next day the incident was forgotten, at least by him. Within the context of the iron discipline he imposed, he gave great personal freedom to his journalists, never making them write something against their will. He liked people to switch jobs and not to become possessive or jealous, which meant that his journalists picked up a lot of experience in a relatively short time.

Above all, if one was a writer whom he trusted, then one's opportunities under Newton were almost limitless, at least once the paper was expanding physically from the mid-1950s. This was partly because of the nature of the paper's growth, but also because it was a conscious axiom on his part that the paper should be about 10 per cent understaffed, which, apart from costing less, had the effect of giving the journalists plenty of writing to do, thereby, he more or less rightly believed, keeping them busy and happy.

Most of the journalists soon came to respect and admire him deeply, even if they were slower to love him. They knew, increasingly, that he would bear the brunt of any criticism against them for management, outsiders or even shareholders. They also knew that – beards and ethical misconduct apart – he would tolerate, perhaps barely even notice, their personal eccentricities or peccadilloes. Most important, they respected his judgment and knew that, in the long if not always in the short run, they would get their just desserts from him.

It was no doubt frustrating that he was *never* able to give a reason why he thought a piece was unsatisfactory. "Take it away, you know it's not right," he might say, or "It's only 70 per cent here," or he might simply call it "punk," a favourite expression, but almost certainly the journalist would then do it better and accept that it was right that he had been told to do so. "I knew you'd get the point," Newton might say, with perhaps a disarming grin.

Usually inarticulate, sometimes laconic, occasionally Pickwickian in turn of phrase, what *did* Newton want, indeed demand, from his staff? The short answer would probably be accuracy, freshness and lucidity – and of that holy trinity, accuracy always came first. As for freshness and lucidity, these particularly applied in his eyes to features and leaders. Thus a feature might be erudite and well-written, but if its subject matter seemed in any way "stale" – and, characteristically, Newton could not usually define what he meant by this – then it was out.

In practice, he liked his features to have some sort of topicality or "angle." He disliked equally abstract speculation and wodges of undigested facts; he preferred anecdotes to be short; he disliked "fine" writing; he was easily bored and he never forgot that he was editing not an academic journal, but a practical paper for practical people. The same values informed his attitude to leaders, the function of which he believed was essentially expository, setting out the main issues as lucidly as possible and, for the most part, allowing the reader to make up his or her mind. They were workmanlike criteria that he imposed upon his journalists but, underwritten by his brilliant hiring policy and his superb news sense, they produced something rather special.

Newton's ultra-empirical style of editorship could not have worked without the existence of a tacit assumption of consensus, whatever the divergence of opinion amongst journalists on individual questions. Leader conferences under his chairmanship usually lasted less than five minutes and consisted merely of what the subjects should be and who would write them. There was rarely any agonised discussion over what "line" to take. Later Newton might question the line that had been taken ("Or perhaps not?" he once famously pencilled at the foot of an editorial he was checking) but again this was very much the exception.

What, then, was that unstated consensus? By definition the answer is not easy. Inevitably it took much from Newton himself and also, lying behind him, the old *Financial News* tradition of the 1930s – a tradition that subscribed to the values of liberal capitalism, sought objectivity and detachment, was fundamentally patriotic and tended to avoid muck-racking or any suggestion of knocking for its own sake.

Newton implicitly consolidated that tradition. He tried if possible to lend support to the government of the day, though he felt free to criticise it. He endorsed the Conservative Party at general elections. He eschewed controversy and disliked going out on a limb. He avoided rigid doctrinal attitudes or remedies, which in practice meant that the paper tended to be susceptible to the latest fashionable economic nostrum, whether French-style planning or Chicago-style monetarism. It was, in sum, a supremely pragmatic consensus, allowing a certain room for individual manoeuvre, but never deviating far from those traditional English standards of decency, moderation and, above all, caution. The editor's authority was such that no-one strayed off limits for long.

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The Long View

Joyless in the Japanese jungle

Foreign investors dare not commit themselves to a market where the average prospective P/E ratio is 50. On the other hand says Barry Riley, do they dare to take the risk of staying away...

EIGHTEEN months ago, it seemed an easy decision. Foreign investors began to take their money out of Japan in a big way, for the respectable reason that the stock market had become lower-valued and the profits were there for the taking.

The volume of money involved has been impressive. Whereas three years ago foreigners owned some 8 per cent of stocks traded on the Tokyo exchange, today the figure is estimated to be little more than 3 per cent.

In terms of its impact on investment performance the switch has, of course, been pretty disastrous. Tokyo topped the league of national markets easily last year, riding the October crash better than any other major stock exchange; and thanks partly to currency gains it clocked up a 37 per cent improvement in dollar terms while the World Index was up 15 per cent.

Not only have foreigners failed to retain a substantial exposure to Japan, but the kind of stocks they tend to own have underperformed the Tokyo market as a whole. The consequences are now starting to emerge.

The WM Company, which monitors institutional investment performance, estimates that UK pension funds have underperformed by more than 1 per cent over the past year compared with what they would have achieved simply by owning the appropriate weighting of properly spread Japanese equities (about 8 per cent of their total assets). Although a 1 per cent underperformance might not seem much, it is the kind of margin that marks the difference between success and failure for institutional fund managers.

The problem is that Japan now accounts for some 40 per cent of the global market capitalisation. Foreign investors dare not commit themselves to a market where the average prospective price/earnings ratio is about 50. On the other hand, dare they stay away and risk continuing to underperform on a serious scale?

One trend that is starting to cut through this dilemma is the increase in global index-matching. Whatever the scale of the overpricing of Japanese stocks, therefore, it seems likely that foreign money will begin to flow back after 20 successive months of net withdrawal.

It is also possible to argue that just as foreign investors are underweight in Japanese equities, so are the Japanese themselves. For instance, Japanese pension funds, which are growing rapidly, have only a quarter of their assets in equities and own no more than 1.5 per cent of Japanese stocks.

However, all this says is that there is a great deal ofmoney available to prop up Japanese share prices. There is no guarantee that it will continue to do so. The greater the departure from reasonable valuations, the greater the danger of a violent crash when conditions change.

In real estate, there is already something of a minor bearmarket. Tokyo land prices have fallen by 15-20 per cent since the peak last spring, although the hand of the authorities is visible here, too, in that the directive from the Bank of Japan a year ago for restraint in real estate lending must explain much of the cooling off.

Although stratospheric asset prices in Japan now seemnormal they are, in fact, of fairly recent origin. As recently as the 1960s, Tokyo was the bargain basement of major stock markets.

When pioneering international investors like JohnTempleton arrived (he first became interested in 1962) it was possible to buy the stocks of leading companies on two or three times earnings, once adjustments were made for factors like the lack of consolidation of subsidiaries. Japanese companies' published earnings are still understated compared with US or UK practices, but nowadays it is hard to massage the average prospective p/e below 40.

By 1970, the rise in Tokyo values led to the position that 60 per cent of Templeton's portfolio was in Japan. But the scale of the appreciation also destroyed the cheapness. These days Templeton is almost completely out of Japan, only a slightly more extreme position that that of the average international investor.

Early in the 1960s, Japanese equities were so cheap that foreigners could not believe it and were suspicious. Ageneration later, the opposite is true. Japanese stocks are so expensive that the wretched *gaijin* are perplexed again.

Of course, the intervening process of upvaluation has been tremendously rewarding. Whatever legitimate grievances foreigners may have about Japanese attitudes to physical trade, overseas portfolio investors have had a very good deal.

If you take UK unit trusts as an example, the median Japanese specialist fund has turned £1,000 into £8,810 over the past 10 years (with net income reinvested). That is far better than for any other geographical sector: the corresponding UK figure is some £5,400 and for North America only £2,950.

But what now, with p/es of 50? Japanese brokers are never discouraged in their attempts to justify such ratings. It is possible, with a little optimistic manipulation, to argue that Tokyo stocks are on an average earnings yield of 2.5 per cent, which compares with 6 per cent for US stocks. The difference effectively represents the implied gap in earnings growth rates if the valuations are to be compatible.

Is it so unreasonable to expect that dynamic and successful Japanese companies will grow at least 3.5 per cent a year faster than corporate America, which has become so uncompetitive? Certainly, the Japanese economy is performing splendidly and is forecast by the OECD to grow by 3.5 per cent this year, faster than for any other major country.

But in terms of GNP per capita, the Japanese are now richer than the citizens of any other OECD nation. It does not seem likely that, from this base, Japan can sustain an exceptional growth rate in the long term.

Having withstood last year's exceptional external shocks so resolutely, however, the Tokyo market is demonstrably far from being fragile. Correction of its overvaluation is likely to be marked by tedium rather than trauma. The foreigners could continue to look silly for a while. But then, on a 25-year view you cannot expect to get the timing exactly right.

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Interest rates debate livens a week when dreariness reigns

WHEN IT TAKES rumours of a second Chernobyl to breathe a little life into London market dealings, matters are grim indeed.

As the stream of City redundancies continues – most notably this week, with the departure of 16 former partners of broker De Zoete & Bevan and jobber Wedd Durlacher, now merged into BZW - trading volume showed only minimal improvement over the previous week's depressed levels.

Even Monday's surprise hike in UK base rates generated little extra activity, with some 381m shares traded. A year ago, typical daily levels ran at 500m-600m.

With little else to compete for the limelight, the base rate increase – up from 8.5 to 9 per cent – formed the main point of interest. True, the increase itself came as no surprise. The gilt market has been discounting such an event for some weeks now in the wake of warning noises from the Bank of England, and most analysts also viewed an eventual rise as inevitable.

What caused a few raised eyebrows was the timing. As broker Wood Mackenzie put it: "The Governor of the Bank of England had made clear in several pronouncements that he thought rates ought to rise, whereas the Treasury had given the impression that there was no real need for an immediate increase."

Certainly sterling's firmness, in the wake of the December trade figures a week earlier, had persuaded a number of market-watchers that the increase was likely to be later rather than sooner.

On cooler reflection, however, justification for the Bank's signal – which was not followed by the clearers until some four hours later, on Monday afternoon – was fairly forthcoming. In the wake of the financial markets turmoil last October, the UK economy has been seen to be teetering between potential recession on the one hand, and more immediate overheating on the other.

The former, it is argued, would reflect a substantial slowdown in the US economy and the general depression in demand/activity which the stock market collapse could prompt. The latter could be demonstrated by remorseless credit-fed consumer spending, high levels of bank lending, the import surge, and the present upswing in pay settlements and high-profile pay disputes – witness Ford.

London

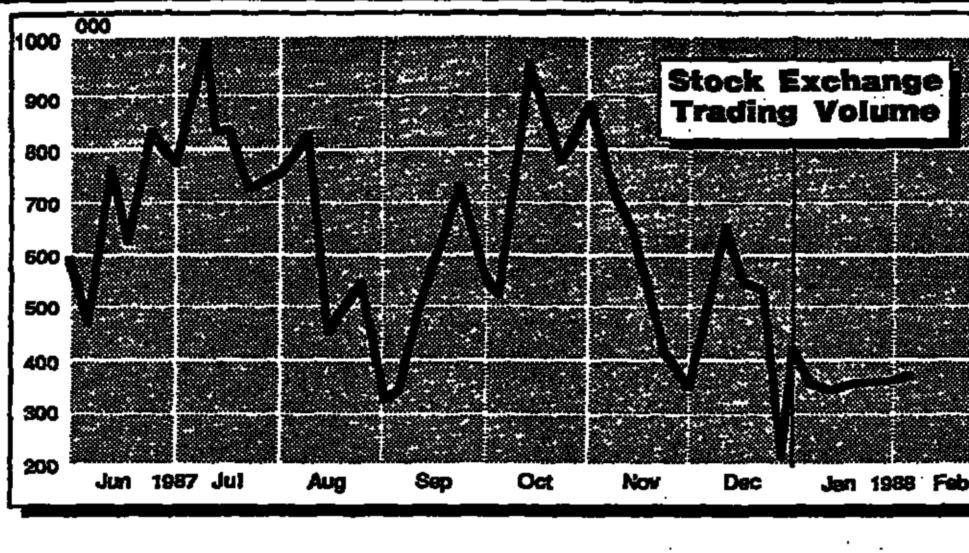
Most forecasters have been loth to predict which of these unpalatable routes the British economy would eventually take – or, indeed, whether it might successfully walk the tightrope in between. In turn, that uncertainty has been a major factor inkeeping investors on the sidelines and depleting London market volume.

But the authorities, having clipped rates by 1.5 percentage points during the October fall-out in an attempt to dodge the recessionary possibilities, seem to have decided that inflationary evils pose the greater threat. Hence the base rate tuning - along with an emphasis that Monday's move signalled "financial prudence" and not necessarily further rises ahead.

The market was not convinced. Ahead of the base rate announcement on Monday things had been going rather nicely, with the FT-100 Share Index pushing convincingly through the 1,800 level. As news of the increase fed through and the Confederation of British Industry wailed about an additional £125m on its interest bill, Footsie plunged some 30 points to end the day a net 13.9 points lower at 1,776.9.

Chartists pointed immediately to 1,750 as the next major support level – and, within four trading sessions, even that was being tested. Most of the week was just a dreary decline, with Footsie losing a couple of points on Tuesday, easing another 8.1 on Wednesday, and remaining static on Thursday.

As the second leg of the account drew to a close on Friday, however, a more dramatic sea of red was splattered across dealers' screens. By the close, the index stood at 1,737.8 – down 28.9 on the week and 33.1 on the account.



Certainly, any suggestion that the interest rate increases have come to an end is given short shrift by many analysts. "We reckon that rates will move higher still before mid-year," predicts Warburg Securities, "and possibly far sooner than is expected.

Any suggestion that the rate increases have ended is given short shrift by many analysts

"Although a second-quarter rise is our best bet, a further hike between now and the Budget to take rates further into the 9-10 per cent band to steady market nerves cannot be ruled out." That, the analysts stress, assumes that the economy continues its "robust growth."

The best to which more bullish voices can point is the increasing weight of institutional money seeking some sort of home, or a faint hope that another bout of bid activity could again blow away the market's blues. Otherwise, the next possible bright note could be the Budget – or its surrounding hype - on March 15.

If last week's news halted the equity market in its tracks, it was scarcely a boon to gilts (the index-linked variety aside). True, dealers had discounted an eventual rise in interest rates, but they did not foresee any urgency and had their immediate attention centred on the possibility of lower US prime rates.

Monday, then, saw losses of over a point, with the yield on high-coupon longs stretching out to 9.59 per cent. The Stateside cut in prime rates – when it came on Tuesday – tended to repair that damage, however, and for the next two days the gilt market simply yo-yoed.

By Thursday night, the yield on the high coupons was back to 9.37 per cent compared with 9.33 per cent at the end of the previous week.

Meanwhile, on the takeover front, more large-scale activity appeared to be ending than beginning. Among the oils, Tricentrol finally gave up its fight for independence and recommended a £187m offer from US oil group Atlantic Richfield, while monopolies clearance means that only the Government's "golden share" stands between BP and Britoil.

With Britoil up some 16p at 496p - only 5p adrift from BP's cash offer – the market clearly is expressing few doubts on that score, at least.

As for shares in grocery group Dee Corporation, they fell back to within a whisker of the pre-bid price on news that the much-smaller Barker & Dobson would not be increasing its £2bn bank-backed offer.

True, Dee has criticised the bid structure with great effect. But perhaps there is a market moral, too. In mid-December, any offer with an element of cash looked a blessing; now, uncertainty rules.

Nikki Tait

Price is the key to record issue

HOW WILL USM investors react to the offer-for-sale of London Forfaiting, which is set to be launched this month?

Not only is the offer, which will raise between £75-80m, the largest ever attempted on the junior markets, it will be seeking the equivalent of around 40 per cent of the total raised by *all* USM new issues in 1987.

In the first half of last year there would have been few doubts that any new issue, however ambitious or outlandish, would find willing investors. But October's crash, and the subsequent undersubscription of the British Petroleum and Eurotunnel offers, indicated the vulnerability of new issues to stock market flotations.

The people who take the main risk during an offer-for-sale are the underwriters, as demonstrated dramatically by the BP flop. They agree to take up the shares at the offer price, even though the stock market could decline substantially between the setting of the price and the first day of dealings.

However, the financial advisers of new issue companies are well aware that a poorly-received flotation will dog a company for years to come. Many of the leading investment institutions will be underwriters and will be landed, if the offer is substantially undersubscribed, with large amounts of stock. For some time, therefore, they will be sellers, rather than buyers, of shares.

Private investors also tend to remember an unsuccessful new issue - which leads them to avoid the shares in future unless some major piece of good news reawakens their interest.

All this makes the pricing of the issue extremely important. What adds to the problems of Schroders, the merchant bank advising London Forfaiting, is that there is no comparable company on the market.

Forfaiting is an obscure-sounding technique used in the trade finance market. It works like this: an exporter sells goods abroad and the customer (the importer) agrees to pay at some time in the future. But the

Junior Markets

exporter wants the cash now, so he gets the importer to provide an IOU - a bill of exchange - which is guaranteed by a bank in the importer's country.

The exporter then presents the bill to the forfaiter, who pays the face value of the bill *minus* a discount which will reflect the risk of non-payment and interest costs.

It is then up to the forfaiter to get the importer – or, failing that, the importer's bank – to pay up. For that reason, forfaiters are very careful to check the credit risk of the importers and the banks whose bills and guarantees they accept. London Forfaiting claims a bad debts ratio of only 0.1 per cent of its portfolio.

The men who run London Forfaiting, Jack Wilson and Stathis Papoutsis, have a lot of experience in the business. At Hungarian International bank in the mid-1970s, they built up a successful forfaiting operation which had profits of £8.33m when they left it in 1983. The pair then set up London Forfaiting with the financial backing of Exco and British & Commonwealth Holdings.

Since 1984, when it began trading, London Forfaiting has grown remarkably fast. In its first eight months LFC made pre-tax profits of £1.96m, followed by profits of £9.1m in 1985 and £13.4m in 1986. In the first half of the present year, profits were £7.89m.

London Forfaiting raised a further £30m of equity capital in 1986 but still needs more. The more capital a forfaiter has, the more bills it can accept, thereby making a higher profit.

After the takeover of Exco by British & Commonwealth the combined group had an 85 per cent stake, but there is a limit to the amount of finance that one backer could provide. A stock exchange quote was obviously the best way of ensuring long-term access to capital.

The issue will enable British & Commonwealth to sell a fair slice of its stake - equivalent to £35-40m of the total being offered. The rest - around £40m - will be new money but B & C shareholders will be offered the new shares on a priority basis.

Given that there are no comparable companies on the market, Schroders is likely to price the issue in relation to overall market price/earnings ratios rather than any particular sector. A healthy yield is being considered as one way of attracting investors.

However, many people were worrying that the crash would dissuade many companies from attempting a flotation at all in 1988 - indeed, London Forfaiting's earlier attempt at an offer had to be abandoned in the wake of Black Monday. So the mere fact that it is trying again is a good sign.

Details of the offer, including that all-important price, will be announced on Wednesday.

Philip Coggan

LAST WEEK'S CHANGES

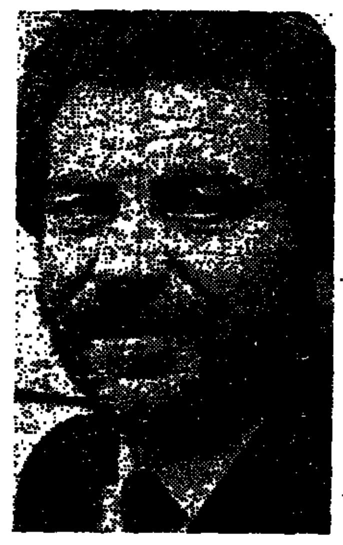
The following table shows the change in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yester-day	change since 29/1	1987/8 High	1987/8 Low
FT Ord Ind	1387.1	-48.6	1926.2	1232.8
ASDA-MFI	173	-1	226½	142½
Allied-Lyons	330	-21	471	298
BICC	332	-19	436	269
BOC	390	n/c	559	300
BTR	258	-5	374	228
Beecham	470	n/c	589	345
Blue Circle Inds	420	-21	579	289
Boots	229	-23	329½	205
British Gas	133	-5	200	106
BP	257	-7	416	234
British Telecom	239	+2	337	203
Cad Schweppes	245	-10	291	185
Courtaulds	312	-14	535	289
GEC	153	-9½	251	148½
Glaxo	994	-70	£18¾	961
Grand Met	453	+1	685	348
GKN	296	-17	434	235
Guinness	275	-18	389	227
Hanson	129¾	-5¾	195¼	116
Hawker Sidd	459	-21	630	377
ICI	£10¾	-¾	£16½	937
Lucas Ind	595	-20	795	465
Marks & S	175	-7	289½	160
NatWest Bank	595	+2	794	498
P & O	539	-16	776	425
Plessey	146	-3	258	127
Royal Insce	394	-26	595	345
Tate & Lyle	889	-1	944	568
Thorn EMI	566	-9	830	436
Trusthouse	222	-8	286	171
FT-SE 100	1737.8	-53.0	2443.4	1565.2

Sugar makes City wonder

SEASONALLY THIN, but absorbing, next week's list of economic and corporate progress reports is ushered in on Monday by the UK producer price index for January, concluding on Friday with December's UK retail price index.

The pick of the week's company results – for size, scale, contrast and controversy – are expected on Thursday. The interims list includes Amstrad, which EastEnder Alan Sugar had built up by this time last year into the fastest growing computer company in Britain.



Amstrad's Alan Sugar

At that time, Amstrad was its own self-contained bull market, a high-performance vehicle with high-flying shares and pre-tax profits up from £27.5m to £71.3m for the first half of 1986/87.

Analysts were forecasting £150m for the year and up to £214m for 1987-88, although the company was notoriously uninformative about the level of its computer sales.

Then the forecasts began to fall back as stories circulated about lower sales than expected for Amstrad's expanded personal computer range. Sugar was contemptuous about the analysts, critical of the press.

The forecasts receded further. Profits emerged at £135.7m, for 1986/87 and the shares began a slide accelerated by Black Monday and its aftermath.

Subsequently, forecasts for the present year were sliced as

Results Due

low as £145m, incorporating an almost static £75m for the first six months. But now the City is wondering. By mid-week, the shares had scored a month's rise of 19 per cent relative to the market.

Sugar, above all, is a marketer, and the fact that Amstrad is having an analysts' meeting on the day of the results reminds them that forecasting can be a science, an art – or simply guesswork.

For computer nuts, and City nuts in particular, Wednesday also brings interims from Personal Computers, which sells its eponymous wares to business users, provides a support service, and was said to be mining a rich vein in the City of London before the Big Bang went phut.

People will be asking next week exactly how the company has performed since Black Monday. Some think it might have done very well, given that lucrative training and maintenance contracts are generated by sales of the hardware and that the City, whatever shape the shape of the equity market, is seen to need more of that hardware in any case.

There are forecasts for Personal Computers of a 50 per cent rise to £600,000 in pre-tax profits at half-time, rising to £1.75m, against £1.16m, for the full year.

Thursday also brings first-quarter figures from BOC, the gases and healthcare group. Last November, American-born chairman Richard Giordano dubbed it a "defensive stock." After a good first nine months of 1986/87, the shares had shown serious relative weakness on fears of its exposure to the US economy and the declining dollar.

Giordano, until recent years Britain's highest-paid businessman, also said in November that BOC was hedged fully in the present year against any weakness in the dollar.

Profits in 1986-87 came up to market expectations at £263m before tax, against a reported figure of £85.4m for the previous year which was depressed by a £128m exceptional write-down of the group's carbon graphite electrode assets.

In the present year, analysts are going for a £290m total; but within that they expect the first quarter to be relatively static at £60.6m, against £59.1m last time around.

The day's prelims include the Scandinavian Bank Group, a little less than a year since it came to the London market with its shares denominated in four currencies (sterling, dollar, D-mark and Swiss franc) and its activities combining banking, treasury and foreign exchange with a majority stake in a Swiss fund management operation.

Last August, first-half results saw a £14.1m write-off against the bank's exposure to Third World debt. Thursday's results will be examined for indications of investment management performance since October.

BOC'S Richard Giordano

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.80	2.84	2.14	1.56	monthly	1	-	0-7
High interest cheque	4.80	4.91	3.62	2.63	monthly	1	1,000-4,999	0
High interest cheque	5.20	5.33	3.92	2.85	monthly	1	5,000-9,999	0
High interest cheque	5.50	5.64	4.14	3.01	monthly	1	10,000-49,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.83	5.98	4.51	3.28	monthly	1	2,500 minimum	0
Provincial Trust	6.58	6.78	5.10	3.71	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
5pc Treasury 1986-89	7.60	6.21	5.29	4.52	half yearly	4	-	0
8pc Treasury 1992	9.32	7.10	5.62	4.39	half yearly	4	-	0
10.25pc Exchequer 1995	9.57	6.86	5.05	3.55	half yearly	4	-	0
3pc Treasury 1990	6.96	6.11	5.54	5.06	half yearly	4	-	0
3pc Treasury 1992	7.27	6.38	5.78	5.29	half yearly	4	-	0
Index-linked 2pc¶	7.26	6.71	6.35	6.04	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ♦ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in in pence unless otherwise indicated					
Birmid Qualcast	380*	368	313	274.63	Blue Circle
Britoil‡	500*	495	294	2.52bn.	BP
Burgess Group	234	227	264	89.08	KHP Group
Chase Property	265*	265	255†	198.44	Trafalgar House
Dee Corpn.	215	181	172	1.90bn.	Barker & Dobson
Est. Prop. Inv.	240*	245	230	58.19	Peachey Prop.
Freemans‡	315*§	313	165	474.00	Sears
Henderson Group	343	345	329	77.01	Newman-Tonks
Jacksons Bourne	445*§	444	438	9.45	Select Cntry Htl
Kingsley Forest‡	57	57	51	17.14	Casket
M.K. Electric‡	550*§	688	550	206.49	RTZ
MS Intl.	91	112	83	24.30	Dobson Park
Minet Hldgs.‡	475*§	475	289	400.00	St. Paul Co's
Moorgate Merc.	140§	137	138	36.40	Woodchester Invs.
Phoenix Props.	163½	161	149†	60.30	Mountleigh
Tip Top Drug‡	110*	108	120	12.76	Woolworth Hldgs.
Tricentrol	200*§	197	190½	185.73	Atlantic Rich.
Tricentrol	160*§	197	99	148.59	ELF Aquitaine
Victor Products	167§	169	167	12.77	Northern Eng.
Waverley Cam'n	500*	480	443	4.80	Flavel Commst.
Wigfalls	177§	223	156	13.83	Bennett Fountain
Wigfalls	225*§	223	209	16.00	Dixons

*All cash offer. ††Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 5/2/88. †At suspension. Shares and cash. ♦Related to NAV to be determined. ♥Loan stock. ♣Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aaronson Bros	Sept	5,580	(1,920)	12.2	(3.7)	5.4	(4.2)
Arncliffe	Oct	872	(252)	16.9	(4.4)	3.2	(1.6)
Bullough	Oct	21,200	(14,180)	36.3	(25.2)	14.0	(9.5)
Habit Prec Eng	Sept	1,260	(1,020)	8.3	(7.4)	2.3	(2.0)
Microsystems	Oct	4,120	(2,540)	21.9	(13.9)	3.0	(2.2)
Securiguard	Oct	1,570	(1,000)	-	(-)	5.0	(3.5)
Shoraiplan	Oct	1,250	(772)	8.8	(5.3)	1.0	(-)
Tranwood	Dec	1,030	(393)	0.9	(0.5)	0.5	(-)
TSL Group	Oct	136	(577)	0.5	(3.9)	0.7	(-)
Union Discount	Dec	♣11,060	(10,780)	-	(-)	43.0	(40.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AC Holdings	Dec	220	(655)	-	(-)
Aerospace Eng	Oct	1,010	(647)	-	(-)
Ariel Industry	Sept	164	(35 L)	-	(-)
Armour Trust	Oct	733	(535)	0.2	(-)
Bailey CH	Oct	661	(119)	-	(-)
Bristol Ship	Oct	61 L	(143 L)	-	(-)
Cowan de Groot	Oct	440	(875)	0.7	(1.2)
Davies DY	Oct	88	(440)	1.0	(1.0)
Dolphin Pack	Nov	1,230	(679)	1.2	(-)
Douglas Robert M	Sept	2,180	(1,790)	1.3	(1.2)
Dunton Group	Nov	261	(180)	0.3	(0.2)
Ferguson James	Sept	187	(551 L)	-	(-)
Fletcher Dennys	Sept	1,390L	(159 L)	-	(-)
Framlington	Dec	2,270	(2,700)	1.0	(1.0)
Hampton Trust	Sept	1,920	(837)	0.5	(0.5)
Highgate & Job	Sept	1 L	(191 L)	-	(-)
Hill Samuel	Sept	27,669	(27,873)	4.0	(3.8)
Howard Holdings	Oct	1,040	(875)	0.5	(0.4)
Jarvis J	Sept	330	(178)	0.5	(0.5)
Lynx Tech	Sept	202	(207 L)	-	(-)
Meat Trade Supp	Sept	72	(117)	1.8	(1.77)
Menvier-Swain	Oct	1,250	(1,030)	1.2	(1.0)
Orchid Tech	Dec	216	(1,720)	-	(-)
Practical Inv	Nov	790	(-)	1.0	(-)
Primadona	Sept	132 L	(387)	1.2	(-)
Security Archives	Sept	319	(210)	-	(-)
Shield Group	Sept	821	(475)	1.0	(1.0)
Somerville William	Nov	415	(369)	1.0	(1.0)
Stake Holdings	Oct	105	(62 L)	-	(-)
Textured Jersey	Oct	605	(316)	2.5	(0.2)
Trevian	Oct	93	(298)	-	(-)
Turnbull Scott	Sept	495	(79 L)	3.0	(2.0)
Unitech	Nov	6,350	(5,480)	3.1	(2.6)
Wholesale Fittings	Oct	2,600	(2,520)	2.7	(2.3)
YRM	Oct	977	(725)	1.0	(-)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♦ figures of net profits.

RIGHTS ISSUES

Aerospace Engineering are to raise £4m via a one-for-four rights issue at 95p.
Parkway are to raise £6.5m via a one-for-four rights issue at 210p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglo & Overseas Trust	Friday	1.5	5.5	2.5
Consolidated Term Inv	Monday	-	-	-
Continental Assets Tst	Monday	-	1.8	-
Domino Printing Sciences	Monday	0.9	1.3	1.2
Egerton Trust	Wednesday	0.5	1.2	1.2
Fleming American Inv	Wednesday	0.5	1.1	0.5
Goring Kerr	Thursday	3.8	7.7	4.3
Kennedy Brookes	Thursday	0.7	1.2	1.0
Manchester Ship Canal	Tuesday	-	-	-
Scandinavian Bank	Thursday	2.7	-	-
Securicor Group	Tuesday	0.3	0.7	-
Security Services	Tuesday	0.7	1.4	-
Taco	Thursday	2.8	5.7	3.0
Ward Holdings	Thursday	0.4	1.6	0.5
INTERIM DIVIDENDS				
Amstrad	Thursday	0.2	0.5	-
BOC Group	Thursday	5.1	7.6	-
Elbief	Thursday	0.5	0.9	-
Goodhead Print Group	Monday	1.2	2.5	-
Marler Estates	Tuesday	-	2.0	-
Personal Computers	Thursday	1.2	2.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

هكذا من الاصل

MARKETS

The crash that quenched a dragon's fire

World Markets

ASK A stockbroker in Hong Kong where the Hang Seng index will move in the coming month from yesterday's closing level of 2,296 and you will get forecasts ranging from 1,400 to 3,000. "We are looking in vain for any sense of direction," said one listless analyst.

Few markets can have been so punctured by the stock market melt-down of mid-October last year - not just in terms of the slump in share values, but in loss of morale, of international credibility, and market momentum.

Daily stock market turnover is languishing around HK $450m - barely one-tenth of the business being done each day in the raging bull run up to October last year. Trade in second line stocks has all but disappeared. International institutions that up to October had been accounting for almost three-quarters of market turnover are sitting on the sidelines, leaving trade largely in the hands of local investors.

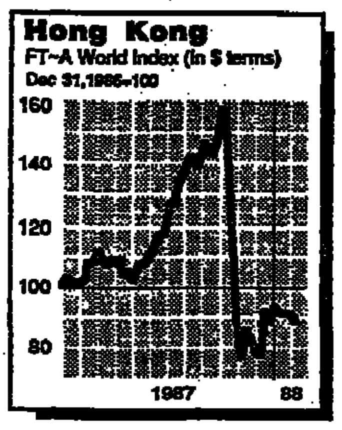
Economic fundamentals suggest that investors ought to have more faith in the Hong Kong market than is now apparent. Piers Jacobs, the territory's Financial Secretary, will be confirming in his budget speech next month that the economy grew in 1987 by virtually 13 per cent in real terms, with exports up more than 25 per cent. He will be reporting non-existent unemployment and full order books for more than four months ahead.

For the manufacturing sector, where blue chip companies last year reported profits' growth in 1986 of between 30 per cent and 70 per cent, he can expect figures due to be released over

'International investors had forgotten that this was a tiny, immature and parochial market'

the course of March to reflect similar growth continuing unchecked through 1987. He can reflect on blue chip companies that are almost entirely ungeared, many of them contemplating where to invest substantial and growing cash mountains.

He can also point to a property sector and a banking sector - which together account for the great weight of the stock market's total capitalisation - that have emerged unscathed from the crash.



Property prices have barely moved from their September levels, while no bank appears to admit to any uncomfortable exposure to pre-crash speculative activity. On the contrary, record low interest rates have fuelled demand for property loans, giving a fillip to both sectors.

Business leaders and colonial officials were at first perplexed as to why the crash should have so altered investors' perceptions of so intrinsically strong a market, just as they were perplexed by international outrage over the unique decision to close the stock market in the wake of "Black Monday."

What dawned on all at that troubled time was that the local securities industry had burgeoned over the course of a couple of years in such a way that international investors had forgotten this was a tiny, immature and parochial market. At the same time, the local brokerages that still controlled the industry had become intoxicated by the profits being generated as international institutions surged into the market without acknowledging that this brought any need for institutional change.

The market closure - blamed officially on a massive backlog on settlement of share transactions - brought this contradiction into focus, and made local brokers realise that the price to be paid for attracting lucrative international investment interest was a more sophisticated trading system no longer monopolised by them.

A group of 12 international stockbroking houses at that time joined forces with leading banks and the Government to arrange a HK$1.8bn lifeboat fund to rescue the insolvent futures exchange. A condition for that rescue was that radical reform of the local securities industry should follow.

Since then, the managements of the stock exchange and the futures exchange have been overhauled. An inquiry has been set up under Ian Hay Davison, empowered to recommend autumn, barely more than 1,000 futures contracts are at present being traded daily.

While market jitters remain, and while so many local investors - who last year were willing speculative counterparties to the international arbitrageurs - are nursing substantial losses in the wake of the collapse, there is scant chance of any surge in equity investment from overseas.

Another factor keeping foreign investors at bay is specula-

'There appears to be scant chance of any surge in investment from overseas'

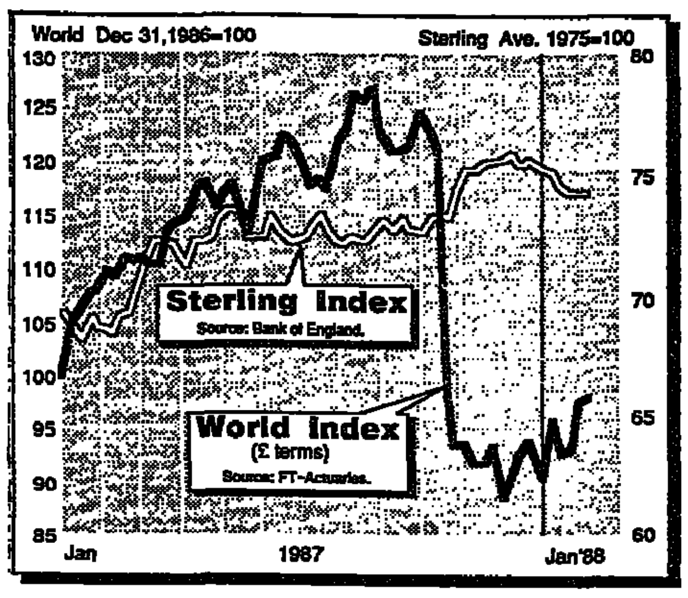
tion over a revaluation of the local currency. Analysts say necessary reforms, and this is likely to report its findings in May. Many international institutions appear disinclined to re-enter the market with any conviction until then.

The frail state of the futures exchange, and the lack of clarity over future guarantee arrangements, have in addition pre-empted the opportunity that international brokerages had during last year to hedge stock market exposure against futures contracts. From a peak of 40,000 contracts a day last such a move would hurt share values, and prefer to stay aloof while speculation simmers.

For local investors, options are more limited. Record low bank interest rates have removed any incentive to keep cash on time deposits, and has prompted many to place liquid funds on the stock market. Such investment has been tentative, however, focusing on recession-proof blue chips, particularly utilities. Those already holding equities have proved reluctant to sell, less because of any great confidence that prices are about to surge than out of uncertainty about where to transfer the funds.

There are added reasons at present for watching and waiting. Chinese New Year celebrations are just a week away and traditionally involve heavy spending on gifts and entertaining. Investors are also waiting for early March when the territory's leading companies begin to unveil their 1987 profits figures.

Volatility must also be linked with the recent listing of HK Telecommunications, the product of a merger between HK Telephone and Cable and Wireless (Hong Kong) which overnight became the territory's largest quoted company, accounting for just under 20



per cent of the total capitalisation of the market. As it settles into the market, its impact must be akin to King Kong waltzing onto a dance floor.

As if these reasons for uncertainty were not enough, there is also the imminent publication of a controversial Government White Paper on political reform, and plans being laid by Beijing to publish in May its own proposals for political reform beyond 1997.

One factor in everyone's favour is that this is the Year of the Dragon – the most auspicious of the years in the Chinese almanac. Doubly auspicious is the fact that this dragon year is a "double eight" – 1988. Among the superstitious Cantonese, eight is as lucky a number as you can get, and a double eight dragon year is as sure-fire a winner as you can find.

Unhappily for them, the fate of the stock market lies more than ever before in the hands of foreigners – and if they do not share the Cantonese faith in dragons and eights, then even this sure-fire winner could be in doubt.

David Dodwell

Suddenly, individuals count

Wall Street

THE EQUITY market's debate over regulation is rather like a small child hiding in its bedroom while its parents row over the school to which it should be sent and how responsibility for discipline in the home should be shared between mother and father.

Overcoming the trauma of last October's collapse is proving painfully slow and, in a sense, the longer-run implications are only just sinking in. In the weeks following the crash the market was battered and bruised, but there was a sense of unreal optimism that everything would return to normal.

Economists put a brave face on the situation on behalf of their companies, which must still try to persuade people to invest. They talked confidently of consolidation at lower levels. Then there was the irrational wish fulfilment of the so-called January effect — the hope that the market would go up because, more often than not, it had done so in the past.

Like a child which longs for everything to stay the same so that life can be understood, the equity market has been clinging to old folklores and tried and tested notions of how things work.

As the weeks have gone on, though, it has sunk in gradually that things are not the same as before October 19. Some things never seem to change - the twin deficits of trade and budget, which contributed to the collapse in confidence in October, are still there. However, the major difference in these post-crash days is the chronic lack of participation by investors.

Waiting for their re-emergence has been like waiting for Godot. The individual investor simply disappeared. Many had taken terrible losses; and suspicions about the barons on Wall Street and how much money they were raking in, which had been kept dampened by the rich pickings of the bull market, turned to outright fury.

The anger of individuals, who account for about 60 per cent of investment in the equity market (whether directly or indirectly through mutual and pension funds), cannot be ignored, particularly in election year.

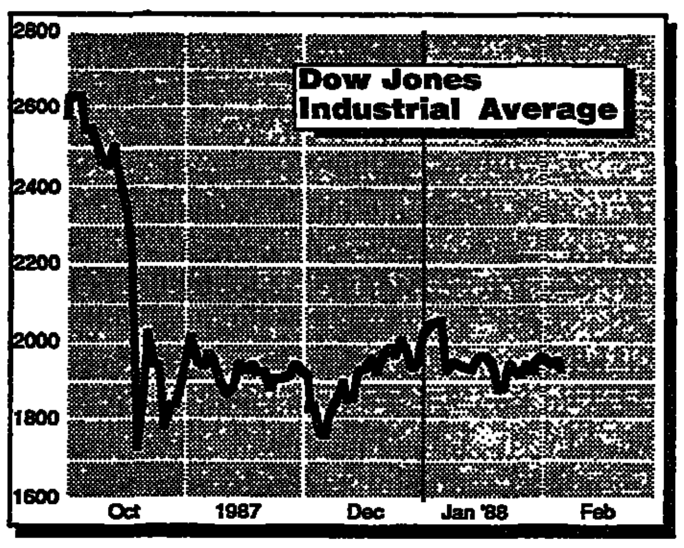
Individual investors came back to haunt the equity market this week as the Senate Banking Committee hearings took testimony on the crash. There was not a senator on that committee who didn't stress the interests of the small investor, and there were echoes in the major reports on the crash by the Brady Commission and the Securities and Exchange Commission.

Brady suggested the individual investor should be accorded priority treatment to ensure there was no abuse by the powerful interests of brokerage firms. The SEC stressed the need to restore confidence in investors by dampening down volatility.

The process of healing after the crash is now in the process of being politicised. As the focus has shifted to Washington, so the market in New York has felt ever more peripheral, as a child must feel when it is not consulted about its future.

A history of the daily movements in the Dow Jones Industrial Average this week tells its own story. From Monday to Thursday, it recorded a loss of 13.59 points, then a gain of 8.29, then a loss of 28.35 and another loss of 1.00.

The main event yesterday was the release of US unemployment figures for January which showed a rise of only 107,000 in non-farm payrolls, about half of what most analysts had been expecting and significantly below the kind of monthly rises seen last year. December's rise was also revised down modestly.



The US bond market was in doubt about what that meant. Coupled with a series of January figures showing sharp weekly increases in unemployment insurance claims, yesterday's figures provided hard evidence that the US economy is, indeed, slowing down.

The bond market leapt nearly two points, a remarkable show of confidence in the recessionary theory of the economy given that the Treasury's $27bn quarterly refunding on Tuesday, Wednesday and Thursday had seen by-no-means-dramatic demand and there was a great deal of stock potentially overhanging the market.

The bond market is as confident in its convictions as the equity market is lacking in them. As the bond market surged, the Dow rose around six points from Thursday's close, a strange way to react if a recession is indeed on the way.

The failure of the equity market to respond is understandable. Financial markets may sometimes seem like monoliths which rumble on with little attention to "real life."

Nevertheless, financial markets involve a lot of people with human responses who have more on their minds than where the market is heading on a day-to-day basis.

Stock exchange specialists, still stunned by the beating they took in October, are now having to face criticism of their professionalism (notably from the Securities and Exchange Commission in its report on the crash). Yesterday, John Phelan, chairman of the New York Stock Exchange, said he expected more disciplinary actions would be taken against specialists.

Throughout the securities industry, people are deeply fearful about their jobs. The longer the dearth of investor interest continues, the less able companies will be to justify their substantial work forces.

Whole rafts of the industry, which had been triumphantly ascendant before October 19, have slumped into obscurity

And in the effort to woo investors back into the market, stock index arbitrage is being dropped by more and more houses. Goldman Sachs yesterday was the latest company to announce it was stopping arbitrage for its own account.

As if all this wasn't enough, Wall Street now has to watch a battle over who will regulate the market of the future. Prolonged in-fighting between the Commodity Futures Trading Commission and the SEC will do nothing to restore confidence.

Monday	1944.63	-	13.59
Tuesday	1952.92	+	8.29
Wednesday	1924.57	-	28.35
Thursday	1923.57	-	1.00
Friday			

Janet Bush

Barry Riley meets L & G's new investment chief

When big is beautiful

"THE NAME of the game in 1988 is 'big is beautiful'," So says David Prosser, newly appointed investment supremo of the giant life assurance group, Legal & General.

He has implemented this philosophy personally by moving from his previous job at the British Coal pension fund, where he managed a mere £10.5bn at the peak, to the Queen Victoria Street headquarters of L & G, which controlled investments of £12.5bn at one stage last year but which post-crash has a more modest £11bn under its wing.

Already, the wind of change has blown through L & G's institutional corridors. Almost the first act by Prosser was to clear out an overloading of US equities in the group's portfolios. Now he has turned his attention to the management structure with the announcement this week that Mike Payne has been promoted from within the investment department to become strategy director.

Prosser's job is not only to liven up L & G's investment performance but also to transform the public image of the venerable institution in roughly the same way, perhaps, that Mick Newmarch has changed the public perception of the investment management side of the Prudential.

Joe Palmer, L & G's chief executive, is keen to raise the group's profile. "If you are an investor on this scale, you have some obligation to say what your view is and what you are doing. It's part of your fiduciary role as much as anything," he says. Prosser adds: "We must not be a faceless institution. We are responsible, and we must be seen to be responsible."

At 43, Prosser already boasts considerable experience in the investment world. Born and educated in Wales, he picked up a first-class mathematics degree at Aberystwyth before qualifying as an actuary with an insurance company. Later, he worked with top stockbroker Hoare Govett before joining the Coal Board investment department, working his way up to become chief executive there in 1985.

Although the money under management is not that much greater at L & G, the job is, in fact, much bigger in several ways. For instance, there are nearly 500 people in L & G's investment department against 125 at British Coal, a difference explained partly by the large size of the life company's property side, which employs around 270.

Moreover, at British Coal there were only two "clients," the Staff scheme and the Mineworkers' scheme. At L & G, the position is a good deal more complicated. Admittedly, of the total £11bn, a dominating lump of around £7bn is in the main life fund. But the rest of the investments are split between a variety of segregated and pooled pension funds (£2.5bn), various unit trusts and unit-linked life funds (just over £1bn) and L & G's general insurance funds (around £500m).

Will Prosser give priority to the big life fund, or to the separate pension or unit funds, where investment performance is brought out into the open and where poor figures could cause clients to move elsewhere? "We have to make *all* the funds perform," he insists.

He starts with the benefit of a spanking new high-tech dealing room installed by the previous regime. But he sees the need to improve the "top down" strategic decision-taking process; hence the early move to appoint Mike Payne. The two will work closely in formulating views on how money should be allocated between different types of assets – equities or bonds, say – and between various national markets.

The "bottom up" stock-picking function will also be strengthened, with changes in the specialist desk system and the introduction of a team specialising in small capitalisation "gamma" stocks.

Prosser is a thinker rather than a fast talker when it comes to investment. "I hope the image will be that we are better at doing it than we are at talking about it," he says. "At the end of the day it's going to be performance that wins."

He takes over the reins in an uninspiring position, at least in terms of the performance of L & G's pooled pension fund portfolios. The company's fully discretionary managed fund came joint bottom of 34 funds over the latest five-year period, according to Willis Faber's evaluation; while, according to Noble Lowndes, the UK equity fund was 25th of 30 funds in calendar 1987. But the overseas fund was a little better – 12th out of 27.

In unit trusts, the three-year picture for its three older funds is poor: according to Money Management, none has produced above median performance over this period. But things have been picking up more recently. During 1987, with 12 unit trusts, L & G pushed nine above the median performance line and, in fact, was rated by the magazine as equal seventh out of 85 management groups for the year.

Certainly, in one showpiece race Prosser is a strong runner. Since last November, 11 fund management teams have been taking part in an investment challenge aimed at backing the City of London's financially-stricken hospital, St Bartholomew's. L & G is at present second.

All the same, Prosser is not aiming for a go-go image. "Our performance is not going to be achieved by high risk strategies," he insists. "We are identified as a house that has safe hands, and that is what we are going to keep."

David Prosser: aiming to transform the performance and public image of Legal and General

AA drives a hard bargain

THE Automobile Association may be wonderful when your car breaks down. But is it so good when it comes to offering financial services?

An AA Ten-Year Savings Plan launched this week, "designed specifically for the small saver in today's volatile market" does not offer any special favours for members. The charges for the plan are described in the promotional literature as "minimal", but in fact they are fairly hefty and the plan offers little or no advantage to the investor.

The plan combines investing in a friendly society tax-exempt fund together with a 10-year qualifying endowment policy, with the promise of all kinds of tax advantages. However, the advantages are no more than you would normally receive from investing yourself, rather than through the AA. Under the plan you are permitted to invest anything between £9 and £50 a month. If you contribute only £9 it is all put into a tax-exempt fund run by Family Assurance, which claims to be the largest friendly society, since this is the maximum amount you can invest and qualify for the special tax-free benefits available from any friendly society.

Anything you invest above £9 monthly is put into a normal Clerical Medical 10-year with profits endowment policy, with the usual tax-free concessions at the end of the period.

However, there are no special advantages from combining the two operations and the charges are not minimal. As usual with friendly societies you pay through the nose. There is a special handling charge of 30p a month (£3.60); an annual fee of 0.75 per cent of the value of the fund; a 5 per cent initial charge, represented by the spread between the offer and bid prices of the units; and a deduction charge of 65 per cent of the first year's contributions "to cover setting up costs." That is not the end of it. You also pay the standard charges for the Clerical Medical policy, including a 60p monthly policy charge and an unspecified deduction from the initial contributions.

John Edwards

Act now to dip into MIPs

PEOPLE LIVING in luxury flats or prestige residential areas may well find leaflets pushed through their door from the local financial planning company telling them of a never-to-be repeated investment opportunity and urging them to take immediate action.

For once, the salesman is not exaggerating. There is a real incentive for higher-rate taxpayers to take advantage of an investment opportunity that will not occur again, following the recent announcement by the Inland Revenue that it is changing the tax qualification rules for certain life policies known as Maximum Investment Plans (MIPs).

Under these policies, at the end of 10 years the investor has the choice of:

- Taking the accumulated value as a tax-free cash sum.
- Reducing premiums to the minimum but allowing the fund to accumulate.
- Continuing to pay premiums.
- Reducing contributions to a peppercorn amount (usually £1 or £5 a year). This enables you, at the moment, to draw tax-free income from the accumulated fund, leaving the remainder of the fund to continue growing in value. If the amount withdrawn is less than the growth in the fund, then you can take tax-free income *ad infinitum*.

The benefits on all life contracts are paid free of basic rate tax. However, if a contract is approved as a qualifying policy by the Inland Revenue, then the benefits are paid free of higher rate tax as well.

Eric Short reports on an investment opportunity that lives up to the salesman's promises

The rules under which a contract meets the necessary conditions for qualification are complexed and detailed. But there is one grey area – that of a contract which at outset meets the qualifying conditions and later is converted into a non-qualifying contract. This is the basis of MIPs.

Up to now, MIPs have been approved as qualifying contracts; hence the facility to take tax-free income. From February 25 the Revenue, following legal advice, is changing the rules. This means that the income withdrawal on a MIP will become subject to higher rate tax – hence the campaign to buy now before these contracts are withdrawn.

Even though it is only high rate taxpayers who benefit now, basic rate taxpayers should also consider taking out a MIP before February 25 because they can expect to move into the higher rate bracket eventually.

Skandia Life specifically offers the facility to increase premiums on its MIP, up to twice the original amount (the maximum allowed to retain qualification). Some other life company MIPs do have a similar provision but have never publicised it. Before you act, though, make sure that the MIP offered does have this facility.

Because time is short, life companies are cutting down on their underwriting procedures, although they still are asking a specific question on Aids. Some companies also are offering special terms.

However, it should be remembered that MIPs are unit-linked life contracts, so the underlying long-term investment record and expertise has to be taken into account in selecting a life company.

Eric Short on a unit trust for defence

Trusting to caution

THE OCTOBER stockmarket crash provided a salutory reminder to investors in unit trusts that there was a risk as well as a reward in their investment. Attention is now being focused on the downside of equity investment and the means of minimising this risk – the so-called defensive portfolio strategies.

Investors are now seeking a portfolio that will protect their capital in a bear market, while still being able to enjoy the fruits of a bull market. This is the theme of the new trust from Sun Life Trust Management with its Capital Protector Portfolio.

Sun Life is adopting two main investment vehicles in its defensive strategy - convertibles, the mainstay of defensive trusts so far, and traded options, which have been not so widely used.

John Stride, the investment manager of the new fund, is starting the fund with 40 per cent in equities, 40 per cent in convertibles, 10 per cent in gilts and 10 per cent cash. However he intends to raise the return on the portfolio by using the traded options market, writing "call" options.

There is still a conderable mystique surrounding the options market and some of the well-publicised horror stories of large losses being suffered recently has not helped to build confidence, but Sun Life will be taking the lowest risk route, writing options only against stock that is actually held in the portfolio and for periods of no longer than three months. The premium on such options can vary from 8 to 18 per cent.

At present, only a maximum of 10 per cent of the fund can be held in traded options. The new unit trust legislation will give investment managers much more flexibility, and John Stride intends to increase the proportion towards 50 per cent when legislation allows this.

One is going to see fund managers making much more use of traded options in the future. But this use will be mainly by the major groups, where there is adequate research and experience to back up the fund manager.

This fund is for the cautious investor, and John Stride himself is extremely cautious of the immediate prospects for world stock markets. With an initial yield of 5.5 per cent it could be attractive to investors seeking income, but that income could well be volatile.

If you feel that the UK market is going to take off again shortly then this is not the trust for you. It will participate in a future bull market, but not to the full extent. That is the price paid for a defensive portfolio.

A fund for the masses

FIDELITY has become the latest group seeking to open up a mass market for unit trusts.

Barry Bateman, the managing director of Fidelity, is certain that he will succeed in this aim where others have failed and that in five years the new fund, called MoneyBuilder, will be the single biggest in its field.

Last year, Royal Life Fund Managers spent nearly £6m on a mass saturation campaign known as the Royal Event.

Although it sold a record £240m of units the campaign cannot be described as an unqualified success, particularly as the stock market collapsed just after the money had been invested.

However, this has not deterred Bateman. Indeed, he is quite open in his criticism of Royal Life's methods, as well as every other attempt to penetrate the mass market.

He claims the underlying fault has been to employ the same marketing techniques for selling new unit trust issues as those used for the traditional unit trust investor in going for the "quick kill."

By contrast, Fidelity's approach to selling the issue is based on a long, steady marketing campaign stretched over a period of three to five years.

Fidelity is not telling new investors at the outset that they are putting their money in unit trusts. And it is keeping its approach simple.

Bateman puts forward the argument that new investors will not, for example, understand the meaning of risk/reward, so Fidelity is simply offering them a choice of low, medium, high and ultra-high risk.

MoneyBuilder is an umbrella fund, managed actively and offering a balanced portfolio - at present 40 per cent income, 20 per cent bond and 40 per cent aggressive share dealing.

Investors leave everything to Fidelity's own managers, but pay 0.5 per cent a year above the usual charges for the privilege.

Promotion is to be through the press, as Bateman believes television is a waste of money. However, Fidelity is adopting a novel approach.

It has divided newspapers into three categories according to their readership profile and will vary the advertisement formats according to the type of paper in which they are to be placed.

Since Fidelity already is active in snooker sponsorship, the company has acquired the services of Dennis Taylor, a former world snooker champion.

For the popular press, Taylor's picture and his message – "I'm only doing it for the money" – takes up a large part of the space.

The picture is smaller and the text is more extensive for the middle-market press, while in the up-market newspaper advertisement Taylor's picture disappears completely.

Eric Short

IN THE NEWS

Investing on credit

UP TO seven weeks free credit can be obtained if you buy your unit trusts by using an Access credit card, according to the MIM Britannia group. The company is to allow the 11.5m Access card holders in the UK to purchase any of its unit trusts on credit by calling Freefone 0800–010–733.

The company admits that "careful calculation" is needed to obtain the full seven weeks free credit. Credit card companies give you 25 days to pay, with no interest being charged, after receipt of your monthly statement. So if you make your purchases at the beginning of your charging period you can in theory obtain credit for up to 55 days – 25 plus 30.

However, if you do not pay in time, a credit card can be pretty expensive. The interest rate varies in the case of Access lenders from 1.75 per cent a month – equivalent to an annual percentage rate (APR) of 23.1 – to 2 per cent (26.8 APR). A further complication is that each cardholder has a credit limit – the average is around £1,000 – so it will not normally be possible to make any sizeable purchases of unit trusts using your card.

The introduction of this purchase option by MIM Britannia coincides with the launch of an International Bond Fund by the company. The fund will aim to provide an annual yield of 7 per cent gross by investing in bonds. Initially half the portfolio will be put into the US bond market, with the balance spread between Japan, Australia, Europe and UK.

Units in the fund will be offered at a fixed price of 50p until February 22. Minimum investment is £500.

John Edwards

Designer trusts and 'superloans'

YET ANOTHER new unit trust "specially designed for current stock market conditions." The Perpetual High Income fund, launched this week, aims to give an initial gross yield of 7 per cent and a mixture of convertibles and shares. There will also be a small exposure to warrants and fixed-interest stocks.

* * *

WEST BROMWICH Building Society is offering a High Stream Mortgage, which guarantees a reduction of 0.5 per cent on the basic interest rate (currently 10.3 per cent) during the first 12 months providing you borrow more than £30,000.

Britannia Building Society is offering a reduction of 0.3 per cent for first two years under its Superloan scheme for mortgages of more than £60,000. The society already gives a 0.5 per cent reduction for one year to first-time buyers under its Helpstart scheme. Its current basic mortgage rate is 10.25 per cent.

* * *

FOLLOWING THE rise in bank base rate from 8.5 to 9 per cent this week, and the recent increase in its home loan rate, Midland Bank is increasing the cost of its home improvement loans from 10.75 per cent (equivalent to an APR of 11.50) to 11.30 (APR 12.10) from February 16.

Lloyds Bank has also raised the rate of interest it charges on American Express Gold Card overdrafts from 0.9 to 1 per cent a month (APR 12.6). The bank has also increased the cost of unauthorised overdrafts to 2.2 per cent, equivalent to an APR of 29.8 per cent. Make sure you check with your bank manager before going into the red, or you will find it very expensive.

The banks have also put up the amount they pay on savings and deposit accounts, but the increases differ in accordance with the many different accounts now offered.

* * *

SUN ALLIANCE has joined the growing number of companies offering a managed portfolio of unit trusts, and charging 0.5 per cent extra.

Its *Portfolio Trust*, to be launched on Tuesday, will invest in the existing range of Sun Alliance unit trusts, which it claims will help reduce the risk involved in going into individual funds or shares.

You pay the standard unit trust charges, 5 per cent initially and an annual 1 per cent management fee, as well as an extra 0.5 per cent for the "service" involved in Sun Alliance choosing from among its own trusts for the portfolio.

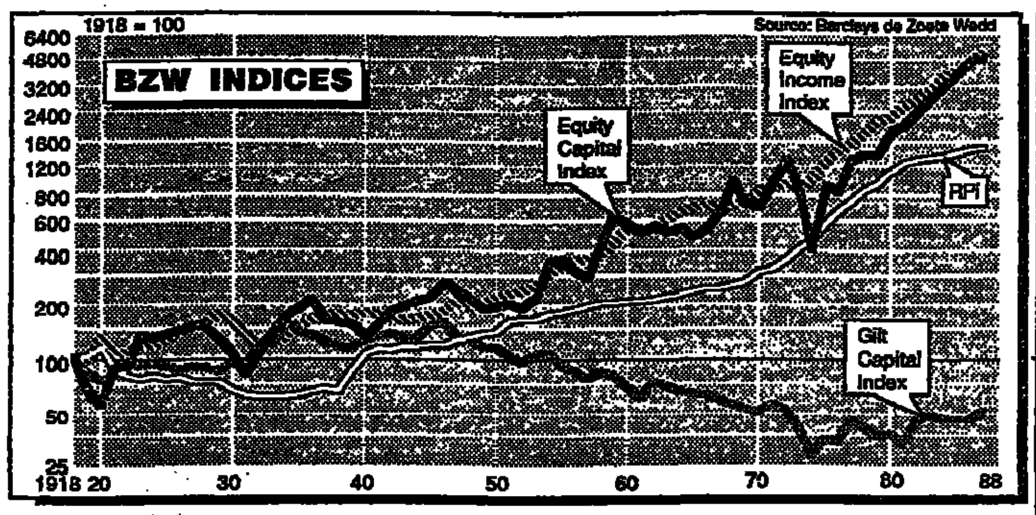
During the launch period until February 29, units will be sold at a fixed price of 50p with discounts in the form of bonus allocations. Minimum investment is £500.

The Cheltenham & Gloucester Building Society will operate a special application service for the Portfolio Trust during the launch period.

John Edwards

Simon Holberton studies BZW's advice to investors

Gingerbread on the gilt



WITH THE events of October and November still uppermost in people's minds, planning where to invest your savings has become more difficult.

Shares have been very good, but will they continue to be so? What of gilt-edged securities – hitherto the poor relation of the share?

For this year, at least, Barclays de Zoete Wedd, the large UK securities house, believes the investor has a better chance of achieving a positive real return from gilts, Treasury Bills, and short-term Government securities.

You would have been a brave investor to have committed most of your funds to gilts at the end of 1986 but, if you had, you would have made almost three times as much as from an equivalent investment in shares, says a study of the London stock market.*

According to BZW, if you did not pay tax, reinvested all gross dividend income and bought a shares portfolio in December 1986 then, by the end of last year, you would have made a real return of 4.4 per cent on your investment. If you had done the same with gilts, you would have made a real return of 12 per cent.

This year BZW thinks gilts may – and Treasury Bills will probably – outperform shares again. To understand why this is so you need to know a little about bull and bear markets and world economic problems because, unlike Britain, very little else is an island.

By common consent it is thought the prime cause of the stock market collapse was investors' growing realisation that US dollar depreciation, started in 1985, would not be sufficient to correct America's large trade deficit. Added to this was the problem of the US budget deficit.

This occurred at a time when share markets worldwide had bid up the share prices to very high levels while, at the same time, bond prices were left largely unchanged. A consequence of this was that bond prices, relative to shares, were at an historically low level and, therefore, ripe for a correction.

The share prices' plunge caused economists to ponder the "wealth effect" of such a large fall. This effect presupposes that as people had so much of their wealth wiped out by the drop they would rein personal spending and save more. This would cause the economy to slow, or, at worst, herald a severe recession.

In the UK the correction in share prices occurred at a time when the economy was strong-growing. Some, such as Robin Leigh-Pemberton, Governor of the Bank of England, believed it was growing at an unsustainable rate. So, perhaps the economy was due to slow of its own accord, rather than because of the shock dealt by the market collapse.

More important than this, however, is addressing the problem which seemed to have caused the crash in the first place. Major bear markets do not necessarily follow long bull markets but are the result of economic and political shocks.

"The question is whether the elimination of the US trade deficit, which must take place in the next few years, will be such a shock," BZW says.

Many factors cloud the outlook. It is a Presidential election year and BZW says that this, and the growing realisation that the US and world economies are slowing, will mean institutional investors remaining wary of shares.

Few, including BZW, expect the world economy to experience as severe a downturn as that in 1932, but they do expect it to slow. In such a situation the share market is unlikely to perform very well. BZW believes the London market will end this year at a lower level than it began.

As the gilt market is sensitive to inflationary trends in the economy – gilt prices tend to rise when inflation appears to be falling and vice-versa and inflation is likely to fall in a slowing economy – BZW believes you have a greater chance of making more from gilts.

But don't expect this year to provide the bumper returns of the past. At best, BZW says, gilts and Treasuries will deliver modest real returns. There are, however, other attractions.

"An investment in Treasury Bills is almost certain to give a real return in 1988 and, although this return will be modest, investment in Treasury Bills would give the investor the liquid funds for placing in the equity market at a lower level."

**BZW Equity-Gilt Study: Investment in the London Stock Market Since 1918, £15.*

Private client service

SHARE investment might not be a quick road to profits just now but activity within the investment trust sector shows little sign of abating.

Widening discounts – the difference between a trust's share price and the value of its underlying assets – tempted a number of stake-builders after October's turmoil. January, meanwhile, has seen two significant reconstructions announced – one covering three Ivory & Sime trusts and involving total assets of £300m.

Thus, the launch this month of a private client investment trust service by City stockbroker Olliff & Partners does not look untimely.

Olliff – headed by former Laing & Cruickshank partner Barry Olliff – started operations a year ago and claimed the honour of being the first new stockbroking business to be formed after the Big Bang. Its stated aim was to operate research, corporate advisory and agency broking services in the investment trust/asset-based company area. Market-making capacity was specifically ruled out.

To that base, Olliff is now adding a private advisory service which will give clients access to the broker's existing institutional research and provide a quarterly newsletter.

Dealing charges will be 0.75 per cent up to a £25,000 bargain size, and then 0.5 per cent of the next £25,000 and above. Clients will not be charged any management fee.

The minus point is that investors will need a minimum portfolio size of £100,000 before being eligible, or they can deal with a minimum bargain size of £25,000.

Nikki Tait

Tyndall revamp

Christine Stopp looks at a company changing its image

THE NAME of Tyndall is well-known in the unit trust world. But the group which bears the name has changed identity completely over the past few years. The old Tyndall group, with a large range of trusts that performed indifferently, was bought out by Aetna Unit Trust Managers.

The Tyndall name now attaches to an international financial services group which includes the old Tyndall offshore funds; a 62 per cent holding in Clayton Robard, a major Australian fund management and life company; and five UK authorised unit trusts. These total a mere £5.5m in funds under management.

Of the UK trusts, four – all with a poor performance record – were taken over from WestAvon, a former Bristol-based group. The fifth trust, just launched, is called Pacific Gold – a bold specialist departure calculated to offer an investment linked to the gold price for those nervous of the wider equity markets. At the same time, it exploits the group's Antipodean expertise.

Jonathan Bradley, managing director of the unit trust group, points out that Pacific Gold is not a new venture in fund management terms. Tyndall already has 23 funds offshore, and the new trust has similar objectives to an existing Bermuda-registered fund. The UK unit trust group is just the tip of the Tyndall iceberg. In Australia, Clayton Robard has around £600m under management.

As far as unit trusts go, Tyndall's aim is to expand within the UK "either organically or by acquisition." There could be other new trusts this year, although what and when will depend on markets. But, given the group's Australian presence, it is likely to be looking at the Far East.

Bradley sees an eventual range of around a dozen. He would like to be "a little bit original" and to take advantage of the coming new powers and regulations for unit trusts. "The scope for growth in the immediate term is enormous," he says.

Funds under management fell by less than the market as a whole during October's crash, thanks to the Convertible & General trust. There were "a few" redemptions, according to Bradley, but December was again a positive month for unit sales.

The crash has put a brake on what was a growing reputation for performance in the unit trust group. Over one year to January 1 the two growth trusts, Smaller Companies and UK Growth, were eighth and 34th respectively in their sector, with 27.1 per cent and 14.7 per cent growth. However, over six months to January 1, the same two trusts were ranked 111th and 133rd against the rest of the UK Growth sector.

The six-month figures eliminate the benefit of the bull market during the first half of 1987, a period during which the stocks in Tyndall's two growth portfolios did particularly well. The same stocks were hit especially hard by the crash. There has been some reorientation of portfolios as a result, says Bradley, but "we are cautious about throwing out the baby with the bathwater."

In our table, all four trusts are shown as underperforming the sector average over the six-month period. In the case of convertibles trusts this is not a true guide, since the trust is in the Gilt and Fixed Interest income sector where the comparison is with trusts invested solely in gilts. The Tyndall trust came out as the best performer over the six-month term, taking convertibles as a sector on their own.

Bradley describes the group's investment philosophy as one of "stock picking, not wild switching between sectors. We think fairly long term. It's not that we don't take a view on the market, but we lay emphasis on getting the right stocks and researching them properly."

His five-strong team is supported by others in San Francisco, where 25 per cent of Newport Pacific management and Australia. As with many groups nowadays, the emphasis is on freedom to act and ease of communication between team members. "We don't need to spend a lot of time agonising in committee meetings," says Bradley.

Put together in the very recent past from a previously unconnected group of companies, Tyndall has somersaulted from a staid UK-based image to a much more aggressive international one. The new group needs time and favourable markets to come together as a cohesive whole, although it has chosen a difficult moment to establish itself as a force to be reckoned with in the UK unit trust industry.

Tyndall unit trusts: 1987 performance
(Showing results of £100 invested, offer-to-bid, income re-invested, for periods to 4.1.88. Figs. in brackets are appropriate sector averages)

	Since 1.7.87	Since 1.1.87
Smaller Companies (UK Growth)	88.7 (70.2)	127.1 (107.2)
Convertible & General (Gilt & FI Income)	87.5 (94.5)	113.4 (110.4)
UK Growth (UK Growth)	67.0 (70.2)	114.7 (107.2)
Income (UK Equity Income)	76.1 (78.4)	110.5 (113.8)

Source: OPAL

In God we trust

ACTIVITY in unit trusts has been picking up this year with a steady stream of new funds, as managers put October 1987 behind them. This week saw the first new management group into the field since the crash - Ecclesiastical Insurance.

This group, which celebrated its centenary recently, is known best as the biggest insurer of churches and church buildings in the UK. However, it has two life companies within its orbit, one of which - the Ecclesiastical Life Fund - is known for being one of the few which does not pay commission to intermediaries and also for its excellent with-profits performance.

Now the group, as part of its overall expansion programme, is moving into unit trusts - the first product being, appropriately enough, an ethical trust called the Amity Fund. This launch is very much in line with the overall profile of Ecclesiastical, which is controlled by a charitable trust and distributes its surplus profit for use by the Church of England and the community.

There are several ethical unit trusts on the market, each with its own idea of what constitutes ethical investment. The Amity Fund sets out very high standards, particularly over involvement in South Africa and other countries with regimes viewed as oppressive.

There are to be no links with any companies dealing in pornography or violent videos, or that use live animals for cosmetic research. These bans are in addition to the usual exclusions of alcohol, armaments and tobacco.

However, fund manager George Prescott stresses he will be looking at companies that contribute towards protecting the environment.

The fund will have an advisory panel, connected with the Church, to ensure objectives are maintained and it will be monitored by the Ethical Investment Research Service to help it keep within its framework.

The trust is just the first in a proposed stable from this new venture. Two more conventional UK funds will appear later in the year and marketing will be done through intermediaries, direct mail and Ecclesiastical agents.

Eric Short

Why timing is crucial

THE IMPORTANCE of being in the right market at the right time is highlighted in the latest unit trust performance figures. Last month, according to Micropal, you would have done reasonably well to be in the Japanese and other Far Eastern markets, but Australian funds continued to take a hammering.

Equally, while Gartmore Oil & Energy was the top performer in January, gold funds featured prominently in the bottom 25 worst performers.

Just how badly some investors have suffered is illustrated by the fact that during the past year the value of the worst performing fund, Target Australian, has slumped by nearly three quarters on offer-to-bid basis; a £1,000 investment has depreciated to be worth only £264.

The yearly figures demonstrate that UK income trusts weathered the October crash better than most. Over a five-year period Japanese and UK small company funds provided the best return, while Australian and US funds were the main losers.

John Edwards

Open season for BES sponsors

Philip Coggan and Heather Farmbrough report on the drive to snare your cash

GET READY to widen your letter-boxes. From now until April 5, it is open season on private investors as Business Expansion Scheme sponsors fire out volley after volley of prospectuses in an attempt to bag their spare cash.

The scheme was established in 1983 to encourage private individuals to invest in the shares of unquoted companies. By offering juicy tax incentives, it was hoped that individuals would accept the higher risks involved.

The tax perks are enticing. If investors hold their shares for five years their investments, up to a maximum of £40,000 a year, are eligible for both income and capital gains tax relief.

Investments made in the first six months of the financial year, up to a maximum of £5,000, can be "carried back" for tax relief purposes to the previous financial year.

The "gearing effect" of this relief is quite substantial. Suppose a high rate tax payer invested the maximum £40,000 this year and found that, five years on, the value of his shares had doubled. In normal circumstances, the profit would be £40,000, minus 30 per cent capital gains tax, making £28,000 in all — a percentage gain of 70 per cent.

For a BES investor, the original investment would effectively have been £16,000 because of the 60 per cent income tax relief. Thus, when the value of the investment doubled to £80,000, the profit would be £64,000, or 400 per cent.

This effect is not just theoretical. To take an extreme example, BES investors in Black & Edgington, a marquee supplier, are to be offered at least £13.50 a share when the five-year qualifying period has elapsed. That, for top rate taxpayers, will represent a profit of 650 per cent.

How is the crucial tax relief obtained? The key is the BES certificate which is sent out by the sponsor after the investment is made. The certificate is then sent to the Inland Revenue as proof of the deal.

Not all companies can qualify for BES status. They must be registered in the UK and carry out their trade mainly in Britain. A number of trades are excluded such as commodity dealing in interests ranging from wine to securities, oil extraction, leasing, and banking.

The rules have been amended occasionally in an attempt to maintain the scheme's objective of diverting investment towards riskier ventures. The regulations now limit to 50 per cent the proportion of a company's assets which can be in land and buildings.

There are two relatively straightforward ways for the private individual to invest in BES companies. The first is through a direct prospectus issue, similar to a stock market float, with shares on offer in an individual company at a set price. Usually, a securities house will act as sponsor to a direct prospectus issue.

The second route is via a BES fund which, like a unit trust, invests in a range of companies. Funds have the advantage of offering a spread of investment which should reduce risk.

However, the record of some of the early funds has been disappointing and the absence of any performance data makes it much harder to ascertain which ones have done well. But funds do produce regular reports listing their investments with information on present trading.

For the more adventurous individual, there are plenty of direct prospectus issues from which to choose. So far this year, these have ranged from independent hospitals and hotels to tankers. BES issues are usually well publicised — after all, it is in the sponsors' interests to see that an issue is fully subscribed.

Indeed, sponsors are most efficient when it comes to placing their investors on mail lists. Most are also willing to give advice — but bear in mind that this might not always be objective.

Local stockbrokers usually can provide a list of the more active sponsors while larger issues are advertised in the personal finance pages of the weekend papers. There are BES magazines which analyse the merits of individual schemes, and the financial press also covers issues in some detail.

The most important thing is to read the prospectus carefully, including the reams of small print. There are a number of points to watch for:

- Track record and reputation of the sponsors. Check that sponsors belong to FIMBRA or a similar self-regulatory authority.
- Relative costs of the issue. Are the lawyers, accountants and sponsors taking too much of the proceeds? Issue costs should not normally absorb more than 10 per cent of the money raised.
- Check what management is getting out of the company. Members usually take a salary, a profit bonus and "golden" shares which mature at the end of the five-year period. Too little reward might suggest a lack of commitment but too much is at your expense.
- Experience of management. Are the directors familiar with the industry and how have previous ventures performed? Do the non-executive directors have the necessary accountancy or financial experience?
- The realism of directors' expectations. Have the directors researched the business thoroughly? Look at their projections for business growth and decide how realistic they are.
- Past profits. If the company is not a start-up, look at how it has performed. Do future projections look credible?
- Adequacy of the amount being raised. Is it sufficient for the company's plans? Will the company be able to operate if the minimum subscription only is raised?
- Is there a satisfactory exit route? Is the company planning to go to the USM or for a full listing after five years? Does it intend to join the third market and, if so, how liquid a market would there be in the shares?
- Tax relief. This is available in the year in which the investment is made — which is why sponsors tend to bring out issues at the end of the financial year. However, relief on investments made in the first half of the financial year can be carried back to the previous year, although this is only up to £5,000.

Around £148m was invested in 1986/87 and that target will probably be passed this year. But it could be the BES's Indian summer; if the Chancellor cuts higher tax rates in the Budget, BES investment could well decline next year.

Taxman's clamp hits at pensions

A RECENT announcement by the Inland Revenue, that regular withdrawals from matured 10-plus (or maximum investment plan) policies will no longer be regarded as totally tax-exempt, is bad news for all expatriates — except for those nimble enough to complete their arrangements by February 24.

This about-face arises from the Revenue's recently formulated view that exercise of the "income option" creates a new contract which does not satisfy the statutory conditions for qualification.

It follows the curtailment — effective from November 18, 1983 — of the benefits arising under the offshore version of this arrangement, although good results remained achievable by those liable to higher rate tax after resuming residence in Britain.

Even though these pronouncements by the Revenue involve no retrospection, they do not merely eliminate a long-standing arrangement capable of producing an advantageous tax regime for non-residents following their return to Britain. The fact is that many medium to long term expatriates used such policies as a means of pension provision — a laudable objective in respect of which British tax legislation now gives them no help whatever.

The contrast with developments in the domestic pension scene could scarcely more marked for the entitlement of UK residents to make private pension arrangements with the benefit of full tax relief — i.e. both for the contributions paid and in relation to the income and gains within the fund being accumulated — are being extended significantly.

The self-employed, and those whose employers provided no pension arrangements, have long been able to benefit from such plans and this right is soon to be extended to all employees by permitting them to opt out of their employers' schemes.

Unfortunately for them, expatriates are excluded from all of these arrangements. Since the maximum allowable contribution is based on a percentage of the individual's taxable earnings (i.e. taxable in the UK), the appropriate figure for those who are neither resident nor ordinarily resident in Britain, and all of whose duties are performed abroad, must necessarily be nil.

Of course, if you are fortunate enough to be a member of your overseas employer's pension scheme, such difficulties will pass you by. Being, no doubt, entirely managed and invested outside the UK, the pension fund clearly will be outside the scope of British tax although foreign taxes may be payable.

Naturally, receipt of the pension when you are resident in Britain will attract income tax liability, but only after deduction of the 10 per cent allowance due in respect of foreign pensions.

Even if you need to make your own pension provision, the absence of any special tax relief will cause you no problems — provided that your retirement coincides with your return to the UK. For while you are neither resident nor ordinarily resident there, you can create your own "pension fund" of investments without the intervention of either UK income or capital gains taxes.

Naturally, tax will be payable on income and gains arising after you return to Britain although, if some or all of the capital is used to purchase an annuity, only a proportion of the annual income arising will be subject to tax, the balance being regarded as a return of the sum invested originally.

But real problems arise if you spend some years overseas and then resume employment in Britain until normal retirement date. After your return, both the income and capital gains arising from the "pension fund" which you have built up will be taxable in full, even when you are drawing no benefits from it. This is in sharp contrast to your colleagues who have worked in Britain throughout; their pension funds will be totally tax-exempt.

The offshore financial services industry, which has for years been doing its best against this unhelpful background to assist expatriates with pension provision, will find itself in even greater difficulty following the demise of the maximum investment plan. That none of the arrangements now on offer can be seen as a clear solution to the problem is scarcely a matter for criticism, although it will be interesting to see whether any of the innovative powers released by the pensions revolution will, in due time, accrue for the benefit of those who elect to work overseas.

Meanwhile, when considering any "expatriate pension plan" you should ask yourself whether, in practice, direct investment — perhaps by way of a monthly investment into unit trusts — might not produce as good a result.

In the long run, though, a satisfactory solution to the problem can be provided only by legislation designed with expatriates in mind. There are, after all, 2m of them.

Donald Elkin

● *Donald Elkin is a director of Wilfred T. Fry Ltd of Worthing.*

CHESS

NIGEL SHORT and Jonathan Speelman scored an impressive double this week when both won by convincing margins in the world championship candidates' matches at St John, Canada. Short predictably was too strong for Gyula Sax of Hungary and took a 3½-1½ lead in the best-of-six game series. Speelman, apparently with a harder match against United States' number one Yasser Seirawan, trounced him 4-1.

Short and Speelman both qualify for the candidate quarter-final matches scheduled for the autumn. It is easily the best performance by British players since official eliminators for the world title were instituted in the 1940s, and it follows the 1984 and 1986 olympics where England took the silver medals behind the Soviet Union.

The ultimate survivor of the candidates' matches, which Anatoly Karpov joins at the quarter-final stage, will challenge Gary Kasparov for the world title in 1990.

Speelman had some dubious positions against Seirawan but when it came to the crunch, just before the time control at move 40, he was far superior in tactical flair, inventive resource and coolness under fire.

After last year's interzonals, a modest Speelman said his target in the championship series was "to survive one round of candidates' matches." By contrast, Seirawan took on a self-imposed burden when he forecast that he could bring back Bobby Fischer's crown to the United States. "I have already beaten Kasparov and Karpov. I'll win the candidates and in two years I will be world champion," he declared.

In their third encounter, with Speelman already one up, the ex-British champion's early middle game was hesitant and Seirawan's 21 P-R5 established a strong outside passed pawn. Then Speelman showed his tactical vision, somehow containing the dangerous pawn while setting up counter-chances in the centre. Seirawan's clock ticked on and the pressure told from move 32 onwards.

Speelman sidestepped the trap 33 P-Q8=Q, RxQ; 34 QxR, Q-B4 ch; 35 K-N2, P-N7 when Black wins, but as played Seirawan could still have won by 34 Q-B4 ch; 35 K-N2, Q-Q4 ch gaining a tempo over the game. A move later, 35 Q-N4 was much stronger than Q-Q3.

Then the advantage turned full circle. Speelman suddenly created threats to the black king and, right on the time control, came the winning tactic 40 RxP! Seirawan resigned because if RxR; 41 Q-K8 ch wins, while if 40 ... R-R1; 41 R-N3 when White rounds up Black's passed pawn and wins easily with his own.

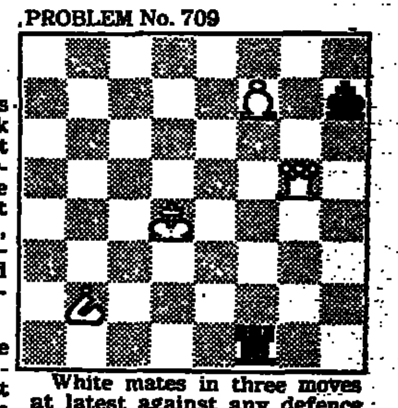
White: J. S. Speelman (England).
Black: Y. Seirawan (United States).
English Opening (third candidates' match game 1988).

1 N-KB3, N-KB3; 2 P-B4, P-K3; 3 N-B3, B-N5; 4 Q-B2, O-O; 5 P-QR3, BxN; 6 QxB, P-QN3; 7 P-KN3, B-N2; 8 B-N2, P-Q4; 9 PxP, PxP; 10 O-O, R-K1; 11 R-K1, P-B4; 12 P-Q4, N-K5; 13 Q-B2, N-QB3; 14 PxP, PxP; 15 P-N3, Q-N3; 16 P-K3, QR-N1; 17 R-N1, B-R1; 18 B-Q2, P-QR4; 19 KR-Q1, P-Q5; 20 R-K1, NxB; 21 QxN, P-R5; 22 PxQP, RxR ch; 23 QxR, PxNP; 24 P-Q5, N-Q5; 25 NxN, PxN; 26 Q-K7, P-R3; 27 P-Q6, BxB; 28 KxB, Q-B3 ch; 29 K-R3, R-N2; 30 R-QB1, Q-KB6; 31 R-B7, R-N1; 32 P-Q7, K-R2; 33 R-B1, P-N7; 34 R-K1, Q-Q4; 35 Q-K8, Q-Q3; 36 R-QN1, Q-QN3; 37 QxP, Q-Q1; 38 Q-B5 ch, K-R1; 39 Q-K6, P-Q6; 40 RxP, Resigns.

The next quarter-final stage will not be easy for the British duo. Karpov, a legend in his lifetime and winner this week of another strong tournament at Wijk aan Zee, is the universal favourite for victory in the candidates while another Soviet grandmaster, Artur Yusupov, looked confident and professional at St John as he defeated his younger compatriot, Ehlvest.

But the wide margin of the victories by Short and Speelman contrasted favourably at St John with the out-of-form struggles of the main Western hopes, Timman and Korchnoi, and success in the quarter-final would mean real credibility for the chance of a British player sitting opposite Kasparov in 1990.

PROBLEM No. 709



White mates in three moves at latest against any defence (by Dr W. Speckmann, Deutsche Schachzeitung 1987). This looks easy, but White requires a precise choice among several plausible first moves.

Solution Page XVII

Leonard Barden

Weekend Business

• FINANCE & THE FAMILY •

Paltry pension poser

For more than 25 years I contributed to my employer's "final salary" pension scheme. In 1978 the company was merged with another and the scheme frozen without option. I was informed then that my actual pension would be £1,691 per annum on reaching normal retirement age and that the scheme was being "wound up."

In 1987 the scheme was finally wound up and I was told my pension would be £2,009 per annum at normal retirement age. At the same time, after repeated requests, I was offered a Section 32 transfer which would enable me to increase this sum marginally during the two years remaining to my retirement.

Obviously, if this option had been offered some years earlier I could have improved my prospects considerably.

Can you advise me whether you consider that 9½ years to wind up a relatively small scheme is excessive; whether this time lapse has worked against my interests; and whether there is any action open to me to remedy the situation?

Because you left service before the 1985 Social Security Act came into effect, you do not enjoy the benefit of the time limit now imposed on pension schemes to settle the rights of early leavers as well as the statutory right to interest for any subsequent period of delay.

In your case, to obtain redress you would have to prove that the trustees had been acting unreasonably. This might be difficult because, in our experience, a number of delays of this kind have occurred when contracted-out schemes have been wound up owing to the difficulty the trustees have in resolving payments due to the Department of Health and Social Security at such times.

There are often discrepancies between the employer's record of social security contributions deducted and the records of the department. DHSS liabilities are a first charge on the fund assets, and so the long-drawn-out process of agreeing these (often trivial) amounts with the DHSS has resulted in long delays before the balance of the fund money can be distributed in transfer payments etc.

If you know the names of the trustees of your scheme, then a series of regular reminder letters to those who have held prominent positions in the company might not be amiss. Likewise, send reminders to the personnel manager of the company that took over your former employer.

Poll tax liability

I am a British citizen employed full-time in West Germany since February 1981 although I wish to return to Britain eventually. I am not a member of the armed forces. I have a property in Britain which is rented out and at the present time I am liable to pay the domestic rates.

Under the new proposal to replace rates with a community charge (or poll tax):

1. Would I be liable to pay the poll tax at all?

2. Would I be liable to pay it on the property in Britain even though I live abroad?

3. Would I be liable to pay it if my property is not let for a short time between rental agreements.

You are liable to pay the rates at present only because you chose to do so. If the tenancy agreement did not mention rates the tenant would have to pay them direct, since they are the liability of an occupier, not an owner. On the bare facts outlined the answer to each of your questions is no, unless you accept liability in future tenancy agreements (as your solicitor will explain, if need be).

Home for in-laws

My wife's mother and stepfather live in a council house which they cannot afford to buy, even at the reduced rate at which it is being offered.

Our financial position is such that we could buy the house ourselves or could loan them the money to buy the house. They could then live in it and pay either a reduced rate or no rent at all. We would consider this to be a long term investment but we need to be certain that we could claim the house eventually. An added complication is that my wife's stepfather has a natural son.

Would you please advise on whether this would be possible and how it can be achieved so that we could protect our investment.

You can lend the money for the purchase and take an option to buy in five or more years' time, or a right of pre-emption, or you can use a combination of the two. Another option would be to lend on mortgage, but this might be less attractive.

Paying the price

My husband went bankrupt in 1970 and left the country, dying abroad a year later. I was left with three sons (now working) and found that, since he had missed paying National Insurance for four years during a period before we were married (he had been abroad), I did not qualify for a full widow's pension. My mother paid a certain amount of back NI premiums for me to raise my pension band but the missed payments had been over the six-year time limit.

I opted out of paying the full NI premiums at this time, as was possible in those days. I am now 58 and should like to know if my government old-age pension will be affected and, if so, whether it would be possible to pay some of the back NI instalments to bring the pension rate up.

I am at work but with no pension from there, only a very small personal pension scheme. I shall now be working a four-day week because of back trouble and earning about £8,000 (it hasn't been worked out yet), although I do take in some typing at home and am also hoping to earn from private counselling sessions.

You should write to the Department of Health and Social Security in Newcastle quoting your National Insurance number and ask them to indicate the effects of non-payment of contributions on your state social security pension.

If you can afford to pay contributions to a self-employed retirement annuity policy, and if you intend to continue working after age 60, this should enable you to supplement your state social security pension when eventually you retire.

Rollover relief

Having sold my business and incurred a capital gains tax liability of about £15,000, I am now considering going to live in France and possibly starting up a business there. Would my investment in a new venture in France be eligible for rollover relief?

Yes. Ask your tax office for the free explanatory pamphlet CGT11(1986) - Capital Gains Tax and the Small Businessman.

Buying a lease

I live in a block of 20 residential leasehold flats that are run by our own management company. We have been advised that we cannot buy the lease unless all the residents agree. Is this so as, unfortunately, we have three dissenters? Can you recommend a booklet on the subject?

You cannot insist on buying the freehold, whether or not all the flat-owners agree. You can arrange to purchase without the agreement of all if the freeholder is willing to sell, but the cost would have to be borne by those who are willing to join the scheme. You should consult a solicitor. You might also get some guidance from E.F. George's *Sale of Flats*.

Storm damage

I recently bought a freehold house which was damaged by high winds between exchange of contracts and completion. The estate agents arranged for "emergency" work to be carried out, which I consider unnecessary. All this was arranged without my knowledge or consent, and no agreement was made for them to perform any duties on my behalf. Moreover, I was readily accessible during this period, as they often telephoned me.

About two weeks after completion I received a bill from the contractors together with a letter from the vendor stating that, following exchange of contracts, I am responsible for repairs to the property.

Am I also responsible for repairs which were carried out without my knowledge, consent or authority, and which I consider to have been unnecessary?

Although it is correct that you became responsible for any damage to the property after exchange of contracts, you did not authorise the work in question to be done to it, still less agree a price. If the repairs were in the nature of "salvage" - that is, something necessary to prevent further material damage to the property - the contractors who did the work might be entitled to claim from you the value of their work on a *quantum meruit* basis (ie, a reasonable rate for the work which was really necessary.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Divisions over land

As co-executors of a will, I and my colleague have to determine the exact area of a piece of land in order to divide it between the beneficiaries. But we have found that one of the interested parties was gifted a portion of the land by the deceased more than 25 years ago. This gift amounted to 1,050 square yards.

We have also discovered that the recipient of this gift has fenced, lived on and enjoyed not only the gifted area but also an additional area equal to 600 square yards, thus increasing the size of the intended gift by half as much again.

The right to fence and enjoy this extra land had never been queried, or even been known to be extra to the gift, until recent measurements brought it to notice.

Are we, as executors, within our rights to claim that the amount of land in excess of the gifted area is part of the estate and can be valued as such in the final division of it? Or has the unchallenged occupancy of the land over 25 years given the occupier a legal right to retain it as part of his property?

Has he any more right than any other beneficiaries to that piece of land which is extra to the gift?

You appear to raise complex questions as to the legal and equitable rules relating to hotchpot, adverse possession, election and, possibly, construction of the will. You would, therefore, be wise to consult a solicitor. The cost of doing so can properly be charged as an administration expense of the estate.

You have a duty as executors to claim for the estate whatever may properly constitute one of, or part of, its assets, but we cannot tell without far fuller details if there is a valid claim to the extra 600 square yards or whether that area had become the property of the occupier before your testator's death.

BRIDGE

HUGH KELSEY'S *Logical Bridge Play* is now available in paperback, published by Gollancz at £5.95. I can recommend this book – it teaches you to think. We start with Placing the Lead:

N
♠ Q 8 3
♥ 6 5 4 2
♦ A 8 4
♣ K 8 7

W
♠ J 9 4
♥ A Q J 8 7
♦ K J 10 5
♣ J

E
♠ 5
♥ K 9
♦ Q 7 6 3 2
♣ Q 10 9 4 2

S
♠ A K 10 7 6 2
♥ 10 3
♦ 9
♣ A 6 5 3

South deals at game to North-South and opens with one spade while West overcalls with two hearts. North says two spades and, after South's rebid of three clubs, he raises to four spades.

West leads the knave of clubs. South has two heart losers and must avoid the loss of two club tricks. There is no problem if clubs are 3-3 or spades are 2-2; but if both black suits break badly, care is needed.

You must not, therefore, cash ace and king of trumps. As the club knave might be singleton, you win in hand for reasons of safety. Your best plan seems to be to lead hearts to cut the enemy's lines of communication; but if you lead from your own hand, East might win and give West a ruff and get in once more with another heart to give a second ruff.

So you must cross to the diamond ace and lead a heart. If East takes with the king and plays a club, West can ruff a loser – but that will not help the defence for East cannot get in again.

If East takes and plays a trump, you take with your king – the queen in dummy must be preserved – and return the 10 of hearts. West might win and lead another trump, but you are in full control. You win in hand, lead to the club king and return a club for East to win. Now you can ruff your losing club while West looks on helplessly.

Now study Finding Access:

N
♠ 10 5 4
♥ Q 7 4
♦ K 7
♣ A J 7 5 3

W
♠ -
♥ A K 10 8
♦ Q J 8 6 3
♣ K 10 4 2

E
♠ Q J 8 2
♥ 9 6 3 2
♦ 10 4
♣ Q 8 6

S
♠ A K 9 7 6 3
♥ J 5
♦ A 9 5 2
♣ 9

With North-South vulnerable, South deals and bids one spade. West doubles, North redoubles, and South rebids three spades which North raises to four.

West cashes ace, king of hearts, East petering, and switches to the club two. How should South play? You can discard one diamond loser on the queen of hearts and hope to ruff the other in dummy. No problem, unless trumps break 4-0. A first round finesse works, as the cards lie, but suppose West had a singleton honour. No: the best line is to plan for a trump coup in case East has four trumps.

You win the club with the ace, ruff a club with the six of spades and cash the ace of spades. West shows out so you cross to the diamond king, discard one diamond on the heart queen and ruff one more club with the seven of spades. Now you cash the ace of diamonds and ruff your last diamond with the 10 of spades.

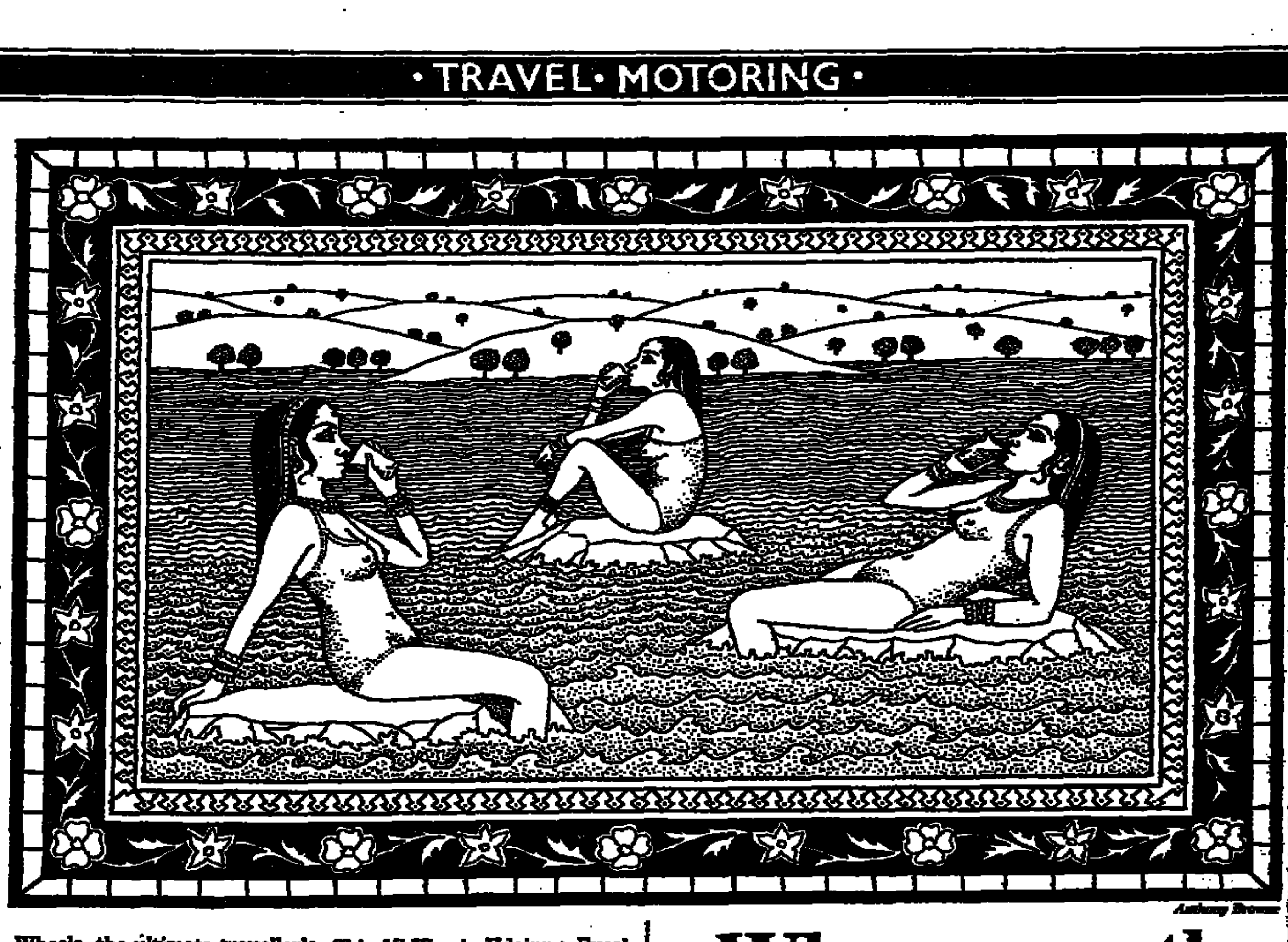
East over-ruffs with his knave of spades and exits with his last heart. You ruff this with your three of spades and over-ruff with dummy's five – see the importance of preserving that three of spades. Now you are in dummy, in perfect position for the coup against East. You lead a club from the table and cover the card that East produces.

Not easy – average players would not make this contract.

E.P.C. Cotter

Frances Ghiles on the allure of mysterious Rajasthan

Mirage in the desert



Anthony Browne

RAJASTHAN, said Rudyard Kipling, has a special distinction. "As cockpit of India," he said, it "stands first". He was right, of course. Where else but in the astonishing mountain-top city of Chittaurgarh would a queen accompanied by 13,000 royal ladies throw herself into a furnace rather than face the shame of capture by her dead husband's victors?

Who else but the Maharana of Udaipur, foremost among the Rajput princes, would claim descent from Surya, the sun god? Where else do peacocks, that most royal of birds and the vehicle used by Sarawati, goddess of music, arts and literature, enjoy the freedom of temples and palaces?

The name of Rajasthan, comprising 22 Indian princely states which were merged after independence, is a corruption of Raja Putra, meaning sons of kings.

It is bounded by the Thar desert, otherwise known as the Abode of Death, and to the west by the flat plains through which the Moghul armies swept down from Delhi and Agra to the east and the Aravalli hills to the north.

Religion is everywhere, from an animistic symbol in the form of a smooth, strikingly-shaped stone *(murti)*, splashed with the sacred vermillion *(sindura)* colours and strewn with garlands of marigolds, to the temples of white marble or golden alabaster dedicated to the monkey or the rat.

All animals are sacred here, and the spectacle of monkeys sliding down the windscreens of cars parked in front of the City Palace in Jaipur is a source of endless mirth.

Rajasthan remains, with southern India, the part of the country that feels most Hindi. The Rajputs fought long and hard against the Moghuls and gave their daughters in marriage to the rulers in Agra to save the day. The string of castles, none more formidable than the one which dominates Jodhpur, testify to their appetite for a fight.

The Rajput princes were proud. Maharana Fateh Singh of Udaipur, upon being made Commander of the Star of India by George V, remarked that the sash and star of precious stones resembled the cordon used by his chaprassis (peons). He accepted the order reluctantly and put the sash round the neck of his favourite horse.

However addicted to battle were the assorted descendants of the moon, the sun and the sacred fire of Agni, they were also great patrons of the arts, if not practitioners themselves. However small, the Rajput courts vied with each other to produce the finest musicians, singers, architects and miniature painters. The quality of crafts is so high as to make most artefacts west of India, with the exception of Turkish carpets, look second rate.

Jaipur, the pink sandstone city built on a grid pattern by Maharajah Jai Singh in the 18th century, is perhaps best known.The town is a shoppers' paradise, especially for those interested in jewellery and enamel work.

The Gem Palace, by appointment to Rear Admiral Mountbatten, offers the best value for money, while in nearby Subhash Chowk lives India's greatest miniature painter and restorer, Ved Pal Sharma, better known as Bannuji.

Udaipur boasts a palace that is part luxury hotel (The Shiv Niwas), part Maharana's living quarters, and overlooks a lake in the midst of which sits a white marble summer palace, now a luxury hotel where the ruler's women would spend the hot summer. Amid carved terraces, patios and gazebos, visitors can watch Kaputhli puppets or dream as the haunting sound of Gazhal love songs rises in the cool air.

Further down the lake, the more modest Lake Pichola Hotel, a renovated havelli (merchant's house), is a delightful place to stay. You wake to the sound of the muezzin calling the Muslim faithful to prayer – a real human voice so very different from the screechy tapes that disgrace many Middle East mosques today.

It is easy in Udaipur to conjure up the pool where, in summer months, one Indian prince would float blocks of ice on which women in transparent bathing suits sprawled sipping whisky.

The most secret town in Rajasthan, however, can only be reached by train. This I did by joining the Palace on Wheels, the ultimate traveller's indulgence. These 13 original luxury carriages, with sleeping accommodation, each carrying the emblem of the princely state to which they belonged, were once used by Maharajahs and their Maharanis on bridal journeys, hunting parties and state visits.

Today, accommodating less regal travellers, they move at a leisurely pace through Rajasthan. Food, which is unfortunately mediocre, is provided in a comfortable dining car to which one only has access when the train stops as there are no corridors between coaches. Breakfast and light refreshments are provided, in the saloon which graces each carriage, by Khidmatgars (attendants) whose manners are gracious in the extreme.

Twenty four hours after leaving Udaipur, Jaisalmer rises, mirage-like, from the emptiness of the Thar Desert. Built on a hill from honey-coloured stone, it was visited by Marco Polo and has changed little since. Behind its towering gateways stand ornately carved palaces and havellis, their facades more akin to lace than stone.

Rajasthan's extravagant history has bequeathed some splendid hotels: the Rambagh Palace in Jaipur (avoid the Mansigh), the Umaid Bhaven in Jodpur (a cross between London's Natural Science Museum and a Victorian station) and the Shiv NI Was in Udaipur. Excellent food is a feature of most hotels.

Although major towns in Rajasthan are easily accessible by air from Bombay and Delhi, an hour or two's flight takes the visitor a long way back in time. It is the wealth of colour, legend, arts, crafts and music which makes this corner of India so compelling, particularly in winter when the temperature is cool at night and around 25 deg C during the day.

● **Flying between major cities in India is easy but it is best to arrange with a travel agent or foreign airline to be met at each stage of your trip. This means local agents arranging for cars whenever needed and confirming hotel bookings and flights.**

The Palace on Wheels costs £800 for seven nights, startingand finishing at Delhi and stopping at Jaipur, Udaipur, Jaisalmer, Jodhpur, Bharatpur and Agra. Details from the Government of India Tourist Office, in London: 01-437 3677.

British Airways and Air India offer a low return fare of £507 to Delhi from London. First class return from both airlines is £2,124 while Club is £1,286 (BA) and £1,230 (Air India). The standard economy return fare is £1,118 for both airlines. Details: BA, 01-897 4000. Air India, 01-493 4050.

When warmth is unwelcome

Freak weather could mean long-term problems for some European ski resorts

RAINDROPS KEPT falling on David Renshaw's Head skis. And soaking his brand new ski jacket. The poor chap was making his very first faltering turns on skis at the age of 50. He was on a Thomas Cook Learn-to-Ski week at Chateau d'Oex near Gstaad in Switzerland. Nobody told him it would be raining when he learnt to ski. Snowing, yes. Or sunny. But rain was an unpleasant surprise. He wanted to know what was going on.

The weather pattern has been complex and unpredictable. While the saturated Mr Renshaw persevered in the rain, the upper slopes of Gstaad's White Highlands were being hit by a blizzard. Our guide kept us away from one side of the mountain after finding the snow was slipping in slabs between his feet as he turned. "It is dangerous," he said. "The crystals of the old snow are not mixing with the new snow."

The most important ingredient of any ski resort – the so-called "base" – is missing. Without this frozen layer of compressed snow there is an increased danger of avalanches when the snow does arrive. It also makes skiing off-piste difficult. Without a base in Davos, I found myself going through the otherwise excellent powder snow to grass and sometimes rock. And one cannot "bounce" one's turns in powder without it.

The Swiss and Austrians are blaming the famous Foehn, a warm wind that should be in hibernation at this time of year. Perversely, it seems to want to come out to play, leaving many lower resorts laid waste of snow in its path. In the Austrian Tyrol such places as Kitzbuhel, Alpbach and Soll have been in terrible trouble with almost no snow on their lower slopes. But at higher resorts such as Badhofgastein I watched avalanche patrols dynamiting known avalanche areas before the lifts opened because there is enough snow to make them dangerous.

Even in St Anton, one of the best Austrian resorts, where they have been fresh falls recently, much of the off-piste area has been devastated by strong winds changing direction.

People who don't fully understand the problem think that one heavy snowfall would make everything hunky-dory. It's not so simple. The sequence has to be right. As Philippe Sublet, a ski instructor and member of the Chateau d'Oex tourist office, explained: "First it has to rain. Then it has to get very cold, perhaps minus five or 10 degrees on the lower slopes where there's no snow. You need perhaps minus 10, 15 or even minus 20 for several nights on the higher slopes where there's already some snow. Then you need new snow," he said.

"What's been happening is that it has snowed first and then rained. The snow just vanishes. Fortunately, we've just had a heavy fall and this time it hasn't rained afterwards. We hope now that at last we can have some good skiing."

They are saying it's the worst winter since 1963-64. Then there was little snow but it was very cold. This year the problem was that it was far too warm so that the reasonable amount of snow that had fallen was disappearing. Rather like a building with suspect foundations, many slopes may still face a serious long-term crisis. Perhaps I should have taken David Renshaw with me to Zermatt where the highest cable car in Europe up the Kleine Matterhorn guarantees snow even in a freak year like this. But all he could do would be to admire the view. The runs down to Zermatt or to Cervinia would be too much for him. Which is why he had to carry on skiing in the rain.

Arnold Wilson

Charter crowd hits Florida

BRIEFING

Annalena McAfee

THE holiday boom in Florida could backfire, one tour company warned this week. Chris Smart, managing director of Jetsave, which has operated in Florida for eight years, says there is a serious shortage of good well-located accommodation in the state's main resorts.

"Because of the weak dollar, a lot of companies which have never operated in the area are sending in four to five charters a week. The rooms are just not there," he said. Those without pre-booked accommodation may be particularly vulnerable. "Hotels in Orlando and the Gulf Coast are going to have the sold out signs up," so that many holidaymakers will end up staying in roadside motels miles from anywhere, he claims.

At the top end of the market, the charter explosion could also have a detrimental effect. "The exclusivity goes," says Drew Foster, chairman of Champagne Connection, an upmarket operator in Florida and the Caribbean. The main coastal resorts may see a falling off in "first-class" travellers but, says Foster, "Florida is big enough to take it and Palm Beach and Boca Raton are far enough away to be untouched by the charter market."

●

EXOTIC trips for well-heeled travellers are certainly proliferating. One of the boldest plans was announced this week: 24-day trans-African holidays via an amphibious Catalina flying boat, touching down in eight different parts of Africa: Egypt, Sudan, Kenya, Tanzania, Zanzibar, Malawi, Botswana and Zimbabwe. The proposed route is Cairo to the Victoria Falls, or vice versa, with the first trip (south to north) starting at Victoria Falls on October 2. Four other trips are planned for the first season, starting on November 1 and 27, December 23, and February 4 (1989).

Pierre Jaunet, who has planned the project, has designed the itinerary mainly for the US market, and his US agent has already taken some advance bookings. The price to UK travellers will be £7,850 (or $3,500), including economy air fares between London and Africa). The Catalina that will be used has had its interior modified to accommodate up to 16 passengers in appropriate comfort. The crew will consist of two professional pilots.

Further information from Boo Shirley-Beavan at Bushback Safaris, 50 High St, Hungerford, Berks RG17 ONE, tele 0488-84702. These trips are not available through UK travel agents.

●

BEWARE of the small print, is the advice given by one leading tour operator. About half of Britain's holidaymakers have already booked their summer holidays this year. But Kevin Welch, marketing director of Pickfords Travel Retail, warns that they may be paying more than they need to because of misleading information about discounts for early booking.

Promised high value discounts, for example, often only prove to be valid on selected destinations, although customers may be given the initial impression that they are available on all holidays.

Low deposits can also prove to be less of a bargain than anticipated, says Welch. Some retailers ask customers to place only 5% of their deposit on booking but they ask for the rest of the deposit, usually about £50, many weeks before the full balance is due.

"There has never been a better time to book early and to achieve the greatest savings we would advise people to shop around and read the small print carefully, combining the best of the holiday companies offers with those of the travel agents," says Welch, whose company is offering £20 off overseas holidays across the board to early bookers.

Inducements to book early have proved so effective this year that we are unlikely to see the last-minute bargains that proliferated last summer.

●

A CHANCE to cruise the Orinoco while supporting British wildlife is offered in a unique package in November. The explorer Sir Ranulph Fiennes will be on board the cruise ship Ocean Islander to talk about his travels. The seven-night voyage takes in Barbados, the Grenadines, the Orinoco River, Venezuela, Tobago, St Lucia and Martinique. The price, including return flights, starts at £1,095, which includes an unspecified contribution to the British Wildlife Appeal. Further information from Hapag-Lloyd Travel, 15 Maddox Street, London W1R 9LE. Tele 01-629-7872.

●

WOULD-BE Robinson Crusoes can head to L'Islette, the latest of the Seychelles islands to be opened to tourists. The six-acre island just off the north west coast of Mahe is ringed with good beaches and offers excellent fishing. Its eight new twin-bedded chalets will soon be joined by a larger bungalow suitable for families. Further details from the Seychelles Tourist Office, PO Box 4PE, 50 Conduit Street, W1A 4PE. Tele 01-439-9699.

●

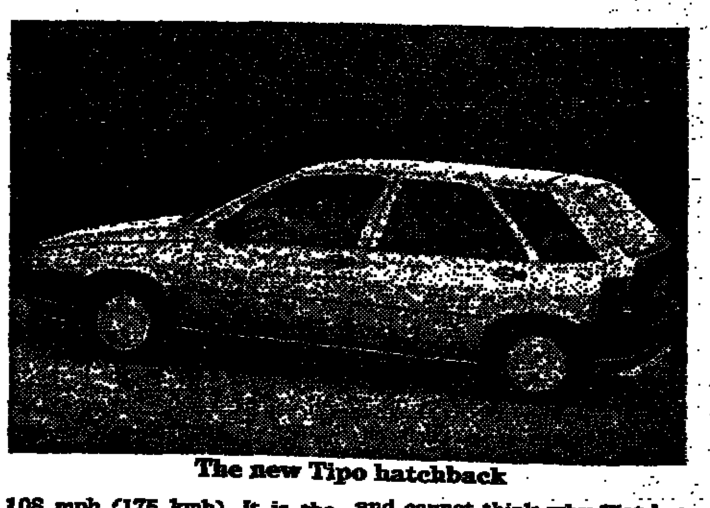
THE shortlist for this year's Thomas Cook Travel and Guide Book Awards has been announced. The travel book shortlist comprises Songlines by Bruce Chatwin (Jonathan Cape, £10.95), Native Stones by David Craig (Secker & Warburg, £10.95), Touch the Happy Isles by Quentin Crewe (Michael Joseph, £14.95), Chinese Characters by Sarah Lloyd (Collins, £12.95), Behind the Wall by Colin Thubron (Heinemann, £10.95) and In Spain by Ted Walker (Secker & Warburg, £12.95).

The guide books shortlist includes The Tibet Guide by Stephen Batchelor (Wisdom Publications, £13.95), Sahara Handbook by Simon and Jan Glen (Lascelles, £13.95), Battlefields of Northern France by Michael Glover (Michael Joseph, £14.95), The Cambridge Guide to Museums by Kenneth Hudson and Ann Nicholls (Cambridge, £15.00) and Florence Explored by Rupert Scott (Bodley Head, £12.50).

The prizes, £2,000 for the travel book and £1,000 for the guide book, will be presented by Dame Iris Murdoch on March 1.

Motoring

Fiat tries type-casting



The new Tipo hatchback

FIAT MAKES no bones about its ambitions for its new Tipo small/medium family hatchback, which it describes as "the most significant new car to appear this year." One can be fairly certain that if it is not chosen as European Car of the Year 1989 then there are going to be cries of "we were robbed" in Turin when the results are announced next November.

The Tipo enters the market now dominated by the Ford Escort, Opel Kadett (which we in Britain call the Vauxhall Astra) and VW Golf. It replaces the Ritmo hatchback (Strada to British buyers) and a booted version will soon appear to succeed the Regata saloon.

Clearly, the Tipo will also be the basis from which new Lancia and Alfa Romeo cars will be created. The mighty Fiat group rescued both of these famous old makers from oblivion with transfusions of money and management expertise. Neither the Ritmo (Strada) or Regata lived up to Fiat's hopes. The Tipo must do wonders for Fiat sales in this area, not least because its three main rivals are getting long in the tooth.

In Italian, Tipo translates as "type," in the sense that it is an individual with mould-breaking characteristics. Fiat says the Tipo offers new standards of driving enjoyment and roominess and can hold its own against more expensive models.

How does the claim stand up? The Tipo looks good from most angles. It has an aerodynamically excellent five-door hatchback body, flush glazed, with doors that wrap over into the roof. The small window between the rear door and tailgate gives good visibility but, to me, introduces a fussiness that spoils the otherwise elegant styling.

Like the Uno, Fiat's best selling supermini, the Tipo is what I call a tall, thin car. Its occupants sit fairly upright, with masses of headroom and more than adequate legroom even for tall people like me in the back. The tailgate, made from one of the new composite materials, closes on to an almost flat sill.

There are five engine sizes: 1.1 litre, 58 horsepower; 1.4 litre, 72 horsepower; 1.6 litre, 83 horsepower petrol; a 1.7 litre, 58 horsepower diesel, and 1.9 litre, 92 horsepower, turbo diesel. They drive the front wheels through a new five-speed gearbox with the lightest, slickest change of any Fiat I have driven.

The turbo diesel is easily the most powerful of the initial Tipo range and is also the fastest, with a claimed maximum of 108 mph (175 kmh). It is the only one I have tried so far. I drove a left hand steering version in south east England last month and rated it highly both as a family-cum-fleet hatchback and as a diesel.

It gave me a most comfortable ride on the minor roads of Kent and Sussex and cruised quietly at business motorists' speeds on the motorway. There was little tyre noise on coarse surfaces. Although the suspension was soft enough to be truly shock absorbent, on winding roads the Tipo cornered nimbly and securely. The driving position was excellent and Fiat, thank goodness, has not followed the trend to stuff seats with what all too often feels like ferro-concrete. They are agreeably squashy, as they used to be on French cars, but supportive enough to please a brisk driver.

I did not like the electronic digital instrumentation at all and cannot think why Fiat has gone in for something that the top European makers (Mercedes and BMW, for example) have always ignored and which others who tried it have abandoned.

Right-hand drive Tipos will reach Britain in mid year at prices which will be around 15 per cent dearer than an equivalent Uno. That suggests a 1.4 litre in standard trim would be around £6,000. Obviously, Fiat UK will first take a close look at Escort, Astra and Golf prices.

More robots than people work on the Tipo assembly line. The car I drove was creak and rattle-free, which speaks well for build quality. And, with 70 per cent of the body shell made from galvanized steel and wheel arches protected by plastic liners, the Tipo should resist the dreaded tin worm better than Fiats of a few years ago.

Stuart Marshall

· COLLECTING ·

Antony Thorncroft on the perils of buying antique oriental rugs

Tread warily at carpet sales

NO PRIZES for guessing the most mysterious, most self contained, most devious sector of the antiques trade — oriental rugs and carpets win hands down. Few insiders dispute that there is a ring of dealers operating at most auctions, co-ordinating their bids on any worthwhile carpets beforehand, and organising their own division of the spoils later. The trade also contains more than its fair share of charlatans, happy to take advantage of the ignorance of the public about how a Bokhara differs from a Kashan, a Heriz from a Kirman.

London is the international centre of the trade, thanks to a Government initiative in Edwardian times, which gave sanctuary to a group of mainly Armenian dealers and allowed them to operate from a bonded warehouse in London docks. Today the main warehouse is in Gospel Oak but the same families continue with the trade, on the surface little affected by their long exile in the UK. They supply wholesalers and retailers here and abroad, and will also sell to the public by appointment.

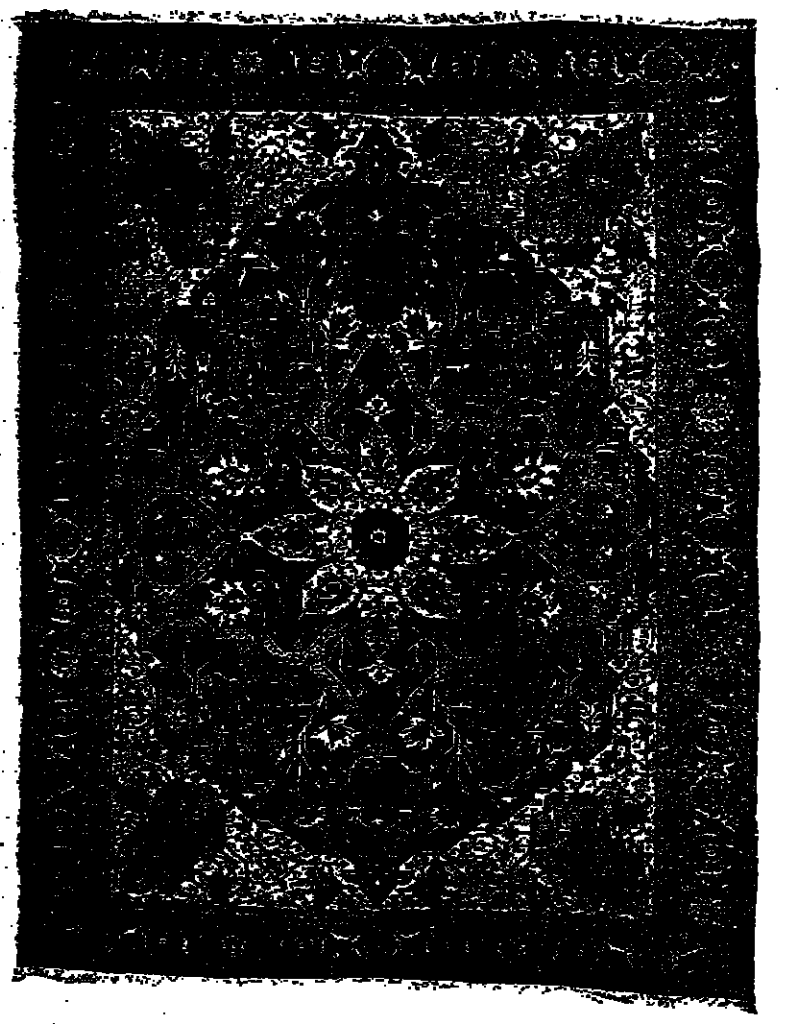
Not only does it require considerable specialist knowledge to feel comfortable collecting in this field; not only do you have to trade with experts who have centuries of dealing in their blood; but you are also involved with works of art which frequently come from the most economically and politically explosive region of the world. It is generally agreed that Persian rugs and carpets are the finest, and the trade has never quite recovered from the Iranian Revolution.

At one level it cut off a principal group of collectors; most rich Iranians, often living abroad, lost their money. At another it released on to the market thousands of the finest rugs which were often the only items that exiles managed to bring with them to the west. Not surprisingly prices collapsed. To complicate things further the new government in Tehran seemed determined to wreck home production, and to cut off exports. It then reversed its stance, in its drive for foreign currency and stepped up supply, although there are many who think quality has suffered.

The trade had just about recovered from all these ramifications and was contemplating a couple of years of growing demand when, in late October, President Reagan, as part of his long running battle with Iran, announced an import ban on Iranian-made rugs and carpets. At a stroke this cut off one of the biggest bands of buyers, for the decorators' trade in New York and Los Angeles has been at the heart of the recent revival in demand. The President is only barring new rugs but the move will entail dealers in a great deal of burdensome paperwork, at the very least. When you add the fall in the dollar's value, and the knock on effect of the Wall Street crash, it is not surprising that the London carpet community has had a worrying few months.

All in all it takes perseverance, knowledge, and boldness, to get involved in this business. Yet the rewards can be tremendous. Rugs rolled west from China, and for centuries have been regarded as very desirable works of art. Most aspiring home holders have had their valuable rug on the floor, to go with their silver service, their clock, and their pictures. Compared to most other antiques rugs have held their value well, and most dealers will offer to buy back any purchase. Perhaps the most obvious indication of the comparative cheapness of these artistic treasures is that the highest price at auction in London for a rug is the £231,000 paid at Sotheby's in 1982 for an 18th century Persian carpet known as a Polonaise. Set against pictures, furniture, silver, and even clocks, this is small beer.

Auction houses tend to concentrate on the antique end of the market and are trying to make themselves more approachable and informative to the public. They believe that they have seen off the rings, scattering them to provincial auctions. Sotheby's has a new head of its Islamic department, Professor John Carswell, who has the task of reassuring both sellers and buyers that they can trade with confidence through the saleroom. Certainly prices should be cheaper there: the marks-ups on rugs, as they pass through the hands of numerous intermediaries on their way into homes, can be quite horrifying.



A Heriz Persian carpet, estimated to sell for between £20,000 to £25,000, at Sotheby's in April

The worst place to buy a rug or carpet is at one of the auctions in hotels organised by transitory companies: they are usually disposing of modern Pakistani and Chinese rugs of little value, or damaged goods. The second worst place to buy a rug, at least in terms of price, is a big department store. The best is from a bonded warehouse, or a Mayfair saleroom. There is one agent, Caroline Bosly, who will guide clients through the intricacies of a purchase from the warehouse, discovering first the size, colours, design, and price that the buyer is working towards and then leading them to a selection from among the thousands of rugs assembled in this north London depot. As ever the best and most expensive rugs stand the most chance of a steady price appreciation.

Sotheby's has its first rug auction of the year on Wednesday and Christie's is selling some the next day. These are minor auctions, but they should give some indication of the sentiment in the trade. In recent years there has been renewed interest in Chinese rugs (although a really good book on the subject is still badly needed) and in Indian carpets from Agra. American buying has always been susceptible to fashion, passing quickly through a passion for Heriz, and then on to the blue, ivory and saffron patterned rugs made in Sultanabad according to the commands of the Manchester firm of Ziegler in the late 19th century. The most recent craze in New York has been for large decorative Persian rugs, and Christies first major sale of the year in March will be exclusively devoted to decorative goods.

The trade hopes that the US import ban will switch onAmericans to French carpets, which have come back into favour in the last two years. It will require a change in decorating taste since they are in lighter colours than the conventional Persian rugs, but prices of Aubusson and Savonnerie rugs and carpets have risen appreciably in the past two years. There are also collectors for Scandinavian rugs and even for Irish.

What underpins prices for the best rugs and carpets is the breadth of the demand. The decorating trade might be the main force but there are rich Arab collectors for both the flashy new and for the antique; informed continental buying — the Germans are keen on Turkish rugs for wall coverings — and now a few Japanese. It is the devout hope of the trade that the Japanese will extend their interest in all things western to rugs and carpets. The more prosperous like to have a western furnished room in their homes, and there have been Japanese buyers in London in the past year, although mainly acquiring furnishings for their European offices.

Sotheby's sale on Wednesday includes many lots estimated at under £1,000 which makes rugs and carpets really cheap floor coverings. At the other extreme there are two Ghom silk carpets estimated at up to £15,000 and £12,000 respectively. At Christie's on Thursday one lot offers two antique rugs, one from Tabriz, the other from Hamadan with a top estimate of just £200. They have patches of wear but these can be eliminated. For a true enthusiast the condition of a rug is less important than the skill in the weaving and the ingenuity of the design. Most rugs get worn over the years and many very valuable examples have been thrown out from the family home as a result. This is good for the price levels of those that have survived.

The salerooms are now trying to set up as an alternative source of supply to the specialist retailers and the department stores. They can offer English reassurance: but anyone who gets gripped by the rug bug must try and penetrate the warehouses and gain the coinfidence and the knowledge of the dealers.

• PROPERTY •

Audrey Powell visits the south of France

Take a view on prices

RECESSION there may have been in much of the French property market, but it didn't hit the south. The south went on booming right through it and now the rest is starting to catch up. Confidence has been restored and people are beginning to take out their cheque books and buy.

This is the opinion of Frank Rutherford, London-based agent who has been handling residential property in France for 25 years.

France is a large country so let's concentrate on that southern coast, where big old villas nestle among the pines and mimosa in their secret walled gardens, on the residential hillsides round Cannes and Nice.

Concentrate, because their days are numbered. Gradually they are falling to the developer, to become blocks of more manageable apartments, where everything hinges on The View. When windows and balconies offer but a glint of Mediterranean the price rises as steeply as the gradient. Take the coastal road from St Tropez to Monaco. Whatever you want, someone, somewhere, is building it. But they are catering for a changed market.

Lord Brougham, in 1834, was forced to stay briefly in Cannes when en route for Italy, liked the then fishing village, bought land there and built a villa. Soon he was followed by British friends. The resort's story had begun. But the wealthy came for the warmer winter weather. Even in the 1920s hotels in Cannes closed after Easter, for there was no summer season.

Now the apartments and holiday homes will be bought largely for summer use. Visitors make many town roads almost impassable in August. Yet you don't go to France for the weather. You go to Spain or Portugal for that, says Rutherford. You go to France for the food and wine and the other things it does so well.

No matter. First let us look at Les Jardins de la Mer,at St Aygulf, between St Tropez and St Raphael (or rather what this development of 80 holiday villas and apartments will be like). The 10-acre site is 600 yards from the beach. Work starts in June.

The day I was there the winds were whipping up a wild surfing sea and blowing sand from the dunes in a way reminiscent of the North Cornish coast. The rain was pouring down. Rutherford was right about the weather but it looked a great place for families with children – when the sun shines. There will be a swimming pool, tennis courts. The groups of garages will be grassed over so that they can't be seen. Apartments are from about £60,000, villas from £80,000.

Further along the coast some developments are being offered at such an early stage that there is little but a muddy site and a crane though always there is the tiny office with an elaborate model of the project for the visitor to study. (Model-making and breeding guard dogs must be growth industries on the Cote d'Azur).

Near Theoule we head for Les Residences Panoramer. "Up, up, up," says our driver – and so it is, around hairpin bends to a hilltop site looking across the Golfede la Napoule.

The 88 villas, when finished, will range from £45,000 to £200,000. Some were unusual value, we were assured, as the average price in the region is £83,000. A further phase will be the conversion of an existing villa into apartments.

There are hazards for the unwary British in the French market. One is that apartments are sold by square metre of living area. (Check whether this includes balconies). Here you will pay £100,000 for a 50 sq metre apartment – a one-bedroom unit.

On to Cannes Marina – a project that has been going so long it seems part of history. "Club founded by H I H Grand Duke Michael of Russia" – the plaque on the wall of the golf club sets the tone. The rain seeps quietly down on the golfers, but at least today they aren't queueing. The course was created in 1891 by a Russian architect. Courses are thin on the ground along this coast, although that is being remedied.

There are groups of apartments like fortresses adjacent to the course, Some overlook the marina, with its 1,500 moorings – but only for motor boats, as craft have to pass under a bridge to reach the inland pool.

There are 5,000 occupied apartments at Cannes Marina, and more being built. Prices vary depending on whether you look onto the course, the marina or the supermarket.

Obviously here the land is flat. But at Le Monteverdi,at Golfe Juan, five minutes from Cannes, we are cliff-hanging again to look at a model of a group of "town house villas" –(or are they flat-roofed apartments?) – where the developer plans to install a funicular to bring the top residents up to their doors. Prices from £165,000 to £215,000.

If you buy new in France, purchasing costs 2 to 3 per cent of the price. With older properties it is 9 to 10 per cent. A non-resident can request a loan of 50 per cent or more of the price in French currency and up to 100 per cent in foreign currency.

The British form a sizeable proportion of buyers in some schemes. At the moment sales of all types of property to the French are slow, in the run up to the Presidential election.

To Cannes now. Not far from La Croisette we come to two turn-of-the-century villas deeply enclosed in gardens, just across from the beach. Both are to be pulled down to make way for apartments. One owner's library is being packed for departure. It seems rather sad but he will take one of the apartments and doubtless do well from the deal.

There will be 50 apartments here, at Les Alcyons. A one bedroom version costs 180,000. Some people are expected to buy two or more. (After all, the hated wealth tax has been repealed). There will be a swimming pool – and the "180 degree sea view."

Just one further project – which for originality and finish towers above the others. It is that rare animal, a tower block that actually looks attractive. This is La Floreslan, in Monte Carlo – on 12 floors, with balconies that jut out from each apartment like clover leaves; each section is cup-shaped and ornamented underneath, forming a sculptured ceiling for the balcony below. Floors, of course, are marble (and walls, too, of the bathrooms). But even here, neither bathrooms nor kitchens were as lushly fitted as they would be in similarly priced developments in London. Not a jacuzzi in sight; lack of the Arab market, it was suggested.

But one could lead an elegant life in the vast reception rooms, or more interestingly on these balconies, like boxes at the opera, with views all around and down on the swirling traffic below. Security, needless to say, is intense. A four-room apartment is £650,000; a six-room penthouse,about £2,400,000. The building is nearly finished. It is surprising that all the apartments are not sold but the developers say people here like to wait and see exactly what they are getting.

All these developments are on the books of Prudential Property Services International Division (whose London sales centre is now at 9 Heath Street, Hampstead NW3)and their associates John Taylor SA, 55 La Croisette,Cannes.

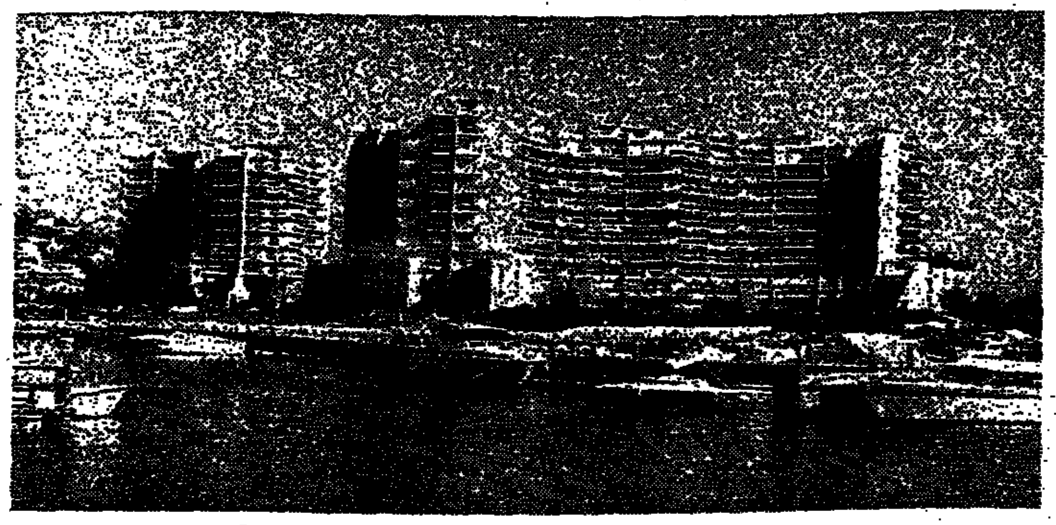
A word about this British-sounding firm. The original John Taylor came to Cannes from England as a gardener in 1864 to lay out the grounds of an English villa owner. He became known to so many British visitors seeking sites that he gave up gardening and became an estate agent. His business also had a banking section, and one forstoring clients furniture, and one for shipping them winesto England. He even published a weekly society list ofvisitors to Cannes.

Not surprisingly he was eventually appointed Vice-Consul. For generations his family carried on and expanded the estate agency and his great granddaughter is in the Cannes office today.

But we have only looked at new projects. A brief mention should be made of two more mellowed homes to be had in this region – from Frank Rutherford's register.

He points out that Cannes, Nice and Grasse make upthe "magic triangle" within which property is most sought.An existing four-bedroom villa near Grasse, with views to the Alpes Maritimes, swimming pool and twoacres, is going for £250,000 (furniture included). Or at Cap Martin, near the Italian frontier, is one of those clinging-to-the-hillside properties, on three levels with twoterraces. It has three bedrooms and a flat, is British-owned and costs £195,000.

For the newcomer to this market, Rutherford's Information Handbook on Buying and Owning Property in France is £6 (inc. postage) from Rutherfords, 197 Knightsbridge (Fourth Floor), London SW7 1RB.



Historic development: the marina at Cannes

The five-bedroom Clifton House, Hampshire (left), five miles from Basingstoke, is set in an acre of garden with swimming pool. Lane Fox (01-499 4785) is looking for offers of more than £350,000.

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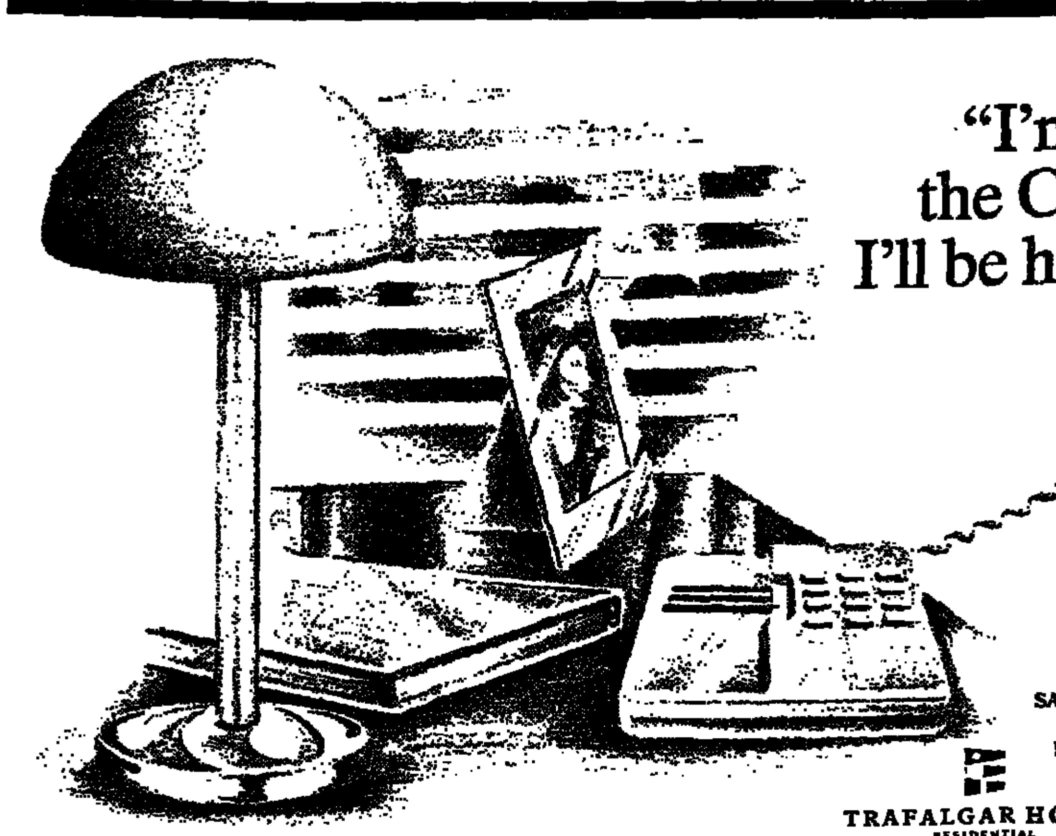
London Property

Country Property

London Property



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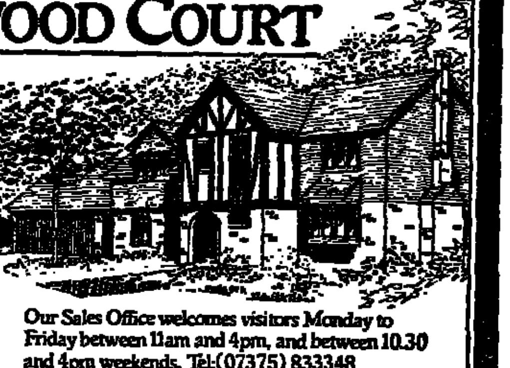

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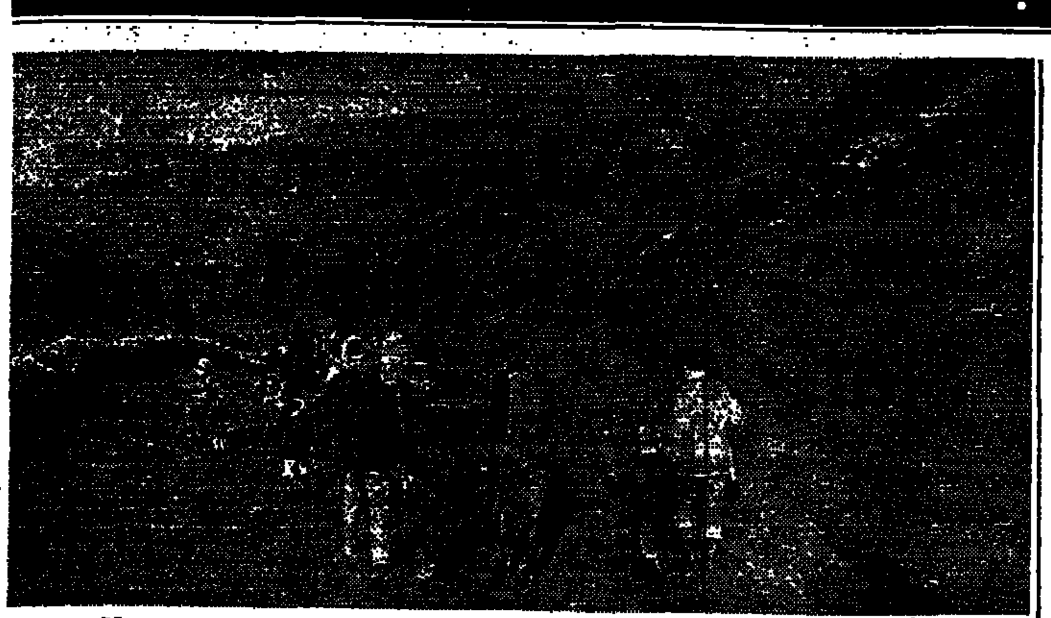


Not so secret...walkers crowd beautiful Dovedale in the Peak District

Footsteps in the shadowed lands

Secret Places

Peter Gillman begins a series on walking in Britain's countryside

IN THIS jet-set age, walkers remain among the most privileged travellers. There can be no greater contrast than between the hideous freneticism of an airport check-in and the languid pace of the walkers' world. Although international voyagers may come upon rare sights and experiences, walkers have the chance to make equally potent discoveries.

Last year the Weekend FT published a series entitled Walk Wild, a collection of walks intended to guide the reader into the British wilderness, in all its rich variations, from the South Downs, as tranquil a place in Britain on a summer's day as it is possible to find, to the Cairngorm plateau, where the winter weather can be Arctic in its ferocity.

The walks were fairly demanding. But there is an abundance of walks that confer an equivalent thrill of detection at a less exacting cost.

Next week will see the start of a new series, The Secret Places. It will feature walks that take you to these sanctuaries, revealing secrets for you to share. They are intended to contain surprises: how many people, for example, know the name and location of the highest waterfall in Britain? Of that small group, how many have visited it?

The fact that it is in the farthest corner of northwest Scotland may explain its lack of repute; it is not even an acknowledged tourist attraction, with asphalted car park, countryside centre and nature trail to match. Yet it lies at the end of a gentle three-mile walk that is accessible to anyone with a decent pair of boots and a small amount of puff.

There is a contradiction, even a danger, in publishing a series intended to make such places better known. If secrets become public they are not secret any more, and some walkers may feel they should be best kept to themselves. The popularity of the Pennine Way, now a knee-deep tract of mud in many places, and of the Lake District, so crowded with cars and coaches in the summer that most hillwalkers keep away, testify to that risk.

But there is a substantial counter argument, made more timely by recent events. Last month Mr Nicholas Ridley, Environment Secretary, discussed the latest proposals inspired by the government's preference for natural resources to be in private rather than public hands. After oil, gas, and water, Mr Ridley declared that he could see no good reason why the national nature reserves should not also be sold off.

With his characteristically impatient manner of stating what he feels to be obvious, Mr Ridley rejected the notion that only public bodies like the National Trust and the Nature Conservancy Council could safeguard the best of the countryside. There was no reason, he argued, why private bodies should not do so with equal stringency; in any case he wished the private sector to be inculcated with environmental values.

Mr Ridley's case is in fact very far from obvious. The government's plans to privatise the water supply have bordered on chaos, not least because of the proposal that the water companies should police their own potentially pollutant activities.

The same contradiction would arise over the need to preserve the best of the countryside; and the despoliation of vast tracts of the Highlands through the insidious spread of conifer plantations, inspired solely by vast tax incentives for the super-rich, shows the damage the untrammelled profit motive can wreak.

In the case of another of the "secret places" to be included in the series, it was only a noisy public protest that prevented the army from despoiling its key feature. Once in private hands the public's right to intervene will be more limited; and once in private hands it will be much easier for such acts of vandalism to be perpetrated.

The record of Mr Ridley's department over issues such as pollution in any case tends to undermine his assertion that such matters are best left to him to judge, as demonstrated in his recent attacks on environmental pressure groups.

In the matter of acid rain, where Britain's record profoundly irritates the rest of Europe, emissions of sulphur dioxide and nitrogen oxides are rising once again. After a spell of improvement, the life of Britain's rivers is being damaged by being the receptacle for farm and sewage waste.

Environmentalists, encouraged by the government's apparent espousal of the "green" vote, and had ready access to ministers who seemed ready to listen their point of the view, now find they are far less welcome.

An informed public, aware of the riches that are at risk, is the best antidote to the ideological excesses in the air. This alone provides reason enough why the secret places should be shared.

To prune or not to prune? **Robin Lane Fox** puts the case for correct clipping

Not quite the unkindest cut of all

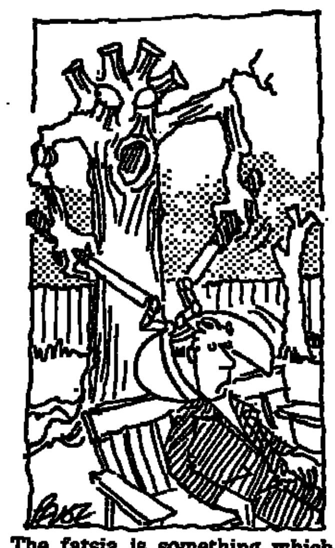
MY GENERAL view of pruning is that most plants are much better left alone. Most of the cutting which confronts me has caused more harm than good. It has been done at the wrong time, at the wrong angle or in the wrong spirit. It is the one reason why I hope I come back to the earth as a rhododendron. Mercifully, most people would leave me alone, as they realise correctly that this family needs no pruning, although it benefits from dead-heading in order to give breathing space to the young growth behind the old flowers. Otherwise, people cut back trees and shrubs when they notice their shade and span. Usually, they notice them in spring and cut accordingly.

If in doubt, therefore, do nothing, even in this mild weather. If your clematis or japonica has grown into a tangle, another year will probably not hurt it. If you want to take action, you may share some of the particular problems which I will now discuss. They are often mishandled, seldom best corrected at this early season and not the sort of decision which you would wish to take in ignorance as an experiment. The worst problems are shrubs grown against walls, where you do need to cut, often into old and disobedient wood. I hope the examples which follow may encourage you to be drastic.

Suppose you own one of those mixed blessings, a box or yew tree which has become much too big. Dare you savage one of these noble evergreens? If you time the job correctly, you can restore order and do remarkably little damage. An old straggly box-bush or length of hedging should not be uprooted without an attempt at a savage salvage. Cut the offender down within a foot of ground level; feed it heavily and mulch it with compost. It ought to shoot into a low forest of new greenery within six weeks and at the end of the year it will be looking much more promising than any new replacement. Time this cut in May as the young growth then has time to harden before the following winter.

Elderly yew is equally accommodating. You can pollard an overgrown yew tree, cutting right back into the hard, old wood and narrowing its unwanted span. Of course, it ought to have been spaced more sensibly when it was first planted, but we heirs are not to blame for planters' mistakes. After a month or two the brown yew stumps will probably be sending out a green frill of new leaves and gradually, the tree will adjust to its mutilated life. You are unlikely to kill it, but you need faith and patience to see results. Once again, cut in May, and it shoots away. I will put my head on the pruning block and assure you that you will suffer no loss by hacking into old wood in these two fine trees.

I have two particular problems before me which look equally unpromising. A hebe has died in front of a big fig-leaved evergreen fatsia and a Magnolia Soulangeana has been hacked appallingly by previous owners against a south wall.



The fatsia is something which many London gardeners inherit and wonder how to contain. It looks rather solid, but its stems can be cut ferociously in April and will sprout near ground level. There is no reason to tolerate one of these slightly humdrum evergreens if it has developed a bare base. Savage it, and it will respond.

The magnolia is much more awkward. I have asked several growers, all of whom disagree, but I have opted for a pruning of all branches which are growing too far from the wall and I will carry this cut out in July. The experts agree, however, that it is very important to treat the cut branches in order to exclude damp. Magnolias have very soft wood and will rot rapidly if the rain reaches their soft centres.

As usual, I am wondering what to do with half-frosted cystisus. One night in November I tickled up their growing tips, but I think these can be cut back to the point where they join the hard brown wood and will sprout in May as willingly as an old box-tree. I know no answer to the winters when the damage extends down into their hard wood. Pruning does not correct it and with one exception, the plant has to be thrown out. The exception is Cistus Parviflorus which is not otherwise exciting but which did sprout conspicuously after a connoisseur told me to cut it right back to help it to recover from the 1981/2 winter.

Perhaps you are longing for action, so I suggest you satisfy yourself on the wistarias and elderly lilacs. I will take the wistaria first. It grows so fast when it has settled into a garden that it has to be treated rather like a cordon apple in order to flower properly. Any thin, soft growths should be cut back to two buds this weekend if you can: in July and August, go over it again and stop these wasteful long trailers from exceeding about six inches. You are working to develop a framework of hard, mature branches, off which the side growths are neatly spurred when the flowering season begins. Wistarias do need two whacks if they are to flower to their full capacity. They are not a good choice for a lazy weekend cottage.

However, their taste for hard cutting allows them to be treated as small standard trees, about four feet high, on a thick central stem. Select one central growth on a young plant; tie it to a really thick post which will last for years; prevent any head of side-shoots until you have a potential trunk of the right height; then, allow it to make a tangle of branches which you can prune ferociously in summer and winter.

Lilacs are less obliging. They flower on the previous year's wood but they grow rapidly from buds just below the flowers and if you cut them too hard when dead-heading or tidying after flowers, you will put the year's growth too far back for next year's flowers to develop. I think this habit is the reason why some people believe that straggly lilacs can never br brought back to heel. Usually, they can, but only at the expense of a year's flowering. As you will lose a season by cutting hard in summer, you can also cut back at your convenience in the next few weeks, reducing their height to a firmer framework about three feet above ground.

As a very rough rule, plants which flowers before July should be pruned after flowering; plants which flower later should be pruned in spring. I can already think of annoying exceptions, which is why my own rule is never to prune unless you are certain or obliged to act by a plant's dimensions. If you are feeling in the mood and want to warm up in this inviting weather, may I suggest that you work off your energy on a yellow-spotted laurel, taking it right down to ground level without hesitation? With any luck, it will kill it off and you can then replace it with something more rewarding.

Growing appeal of Pink Fir Apples

Gardening

IN THE Wisley Garden Centre I talked to a man who was buying planting sets of the Pink Fir Apple potato and he was enthusiastic about this very old variety. There was nothing to equal it in quality, he said. He had purchased an old French variety named Ratte which is said to be superior in flavour to Pink Fir Apple, but they did not satisfy him.

By coincidence, the following morning the editor of Gardening from Which sent me a letter about Pink Fir Apple potatoes received from a reader who was just as enthusiastic as my acquaintance at Wisley. What is more, he claimed to have invented a way of growing it which gave a far better crop than the usual rather meagre yield, but before I go on to that, I had better explain what makes this potato special and why it is called Pink Fir Apple.

You could search many books and find no mention of it, although it is a very old variety and was once widely grown. The name refers to the colour and unusual shape of the tubers, long and narrow and supposedly resembling a fir cone. My old friend Millar Gault, who 30 years ago wrote Vegetables for Garden and Exhibition, still my favourite book on the subject, lists Pink Fir Apple as a salad potato and commends it for its decorative quality in large exhibits at shows. His description is brief but to the point. "Long, pink skinned, knotted tubers of excellent quality."

I think the letter writer, Mr F.F. Ross, would agree with most of this, but says it is not solely a salad potato. He writes appreciatively of it giving him new potatoes to eat with his Christmas turkey. Mr Ross first tried Pink Fir Apple in the 1940s and when he saw it advertised by Thompson & Morgan of Ipswich a few years ago he jumped at the chance of growing it again. At that time he lived at Reigate and in the heavy Wealden clay yields were poor so he looked for a better method of cultivation.

He hit on the idea of drawing the soil into steep ridges, scattering fertiliser over it and then planting in the furrows with an inch or so of spent mushroom compost over the tubers. As the shoots came through he drew soil from the ridges, a little at a time, around them. If frost threatened he was not afraid to cover them completely, knowing that they would be back in the light in a day or so. He had observed that Pink Fir Apple was late in sprouting and yet needed a long growing season to produce tubers, and he reckoned that this method of cultivation would give it about three extra weeks before the frosts of autumn. He was rewarded with five times the weight of crop he had harvested the previous year.

In fact he had to leave someone else to dig it for him since he moved to the Vale of York before the crop was ready. There he found a different soil, so poor and sandy that a neighbour told him he could only produce pea-sized potatoes. This made him wonder whether a naturally weak-growing variety like Pink Fir Apple would survive, but he decided to try the same ridge and furrow method, cover each planting set with peat and fill in between the tubers with horse manure. The crop was excellent and has continued that way ever since.

All of which might set potato enthusiasts not only trying Pink Fir Apple if they can find anywhere to buy planting sets (it is currently listed by Marshall's of Wisbech, Cambs., but with the warning that, if demand exceeds supply, Ratte will be substituted), but also trying to use ridge and furrow cultivation for the difficult yet distinctive potatoes such as the fabled Golden Wonder, which also needs an extra long growing period to produce any crop at all.

Those gardeners who do intend to grow potatoes of any kind and by any method would be wise to purchase planting sets as soon as they are available, partly because the most popular varieties are rapidly sold out, but also because it gives an opportunity to sprout the tubers before planting them, provided a light and frostproof place is available.

Most home gardeners will choose early or mid season varieties but those with a lot of ground and suitable storage space may elect to grow at least one late maturing variety. The popular early varieties at the moment are Pentland Javelin and Maris Peer, both of which are resistant to potato Eelworm, and Maris Bard, which does not discolour after cooking. Pentland Crown, a main crop variety, is one of the heaviest cropping potatoes, but the much newer Marfona is said to rival its weight of crop and is certainly ready for digging several weeks earlier.

Newest of the new varieties, available for home gardeners for the first time this year, are Kirsty and Concorde. The former is a seedling from Pentland Crown raised at the Scottish Crop Research Institute and said to be excellent baked, chipped, boiled or mashed.

Arthur Hellyer

● From Page I

THE TRIUMVIRATE

FINANCIAL TIMES 1888 1988 CENTENARY YEAR

What sort of paper did Newton hope to fashion? The answer is perhaps threefold. He wanted it to be useful, serious and disciplined. He also, with that streak of puritanism in him, wanted it to be morally pure and respectable, free of any taint of the tipping and puffing that had marred the old financial journalism. Third, he wanted it, though he did not yet quite know how, to broaden out from its narrow City base on which it still fundamentally rested.

All this, it must be stressed, was *felt* by the new editor, rather than articulated at the time, and was the product of instinct rather than any systematic rational thought. He never evolved a master plan and over the years felt his way carefully, painstakingly into each new development. The *FT* was in an essentially monopolistic position; the British economy was entering its period of the long boom, and the new professional classes, in management and elsewhere, were starting to boom with it. Like any astute bridge-player with a good hand, he was determined not to overplay it.

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Sidney Henschel was not the sort of person given to reminiscence, and not much is known about the first half of his life. He was born in 1898 and grew up in Camden Road, North London, the son of a Pole, in lifestyle something of a Bohemian, who at some stage lost all his money in business and had to go to Germany; his mother was the daughter of a suffragan Bishop and very English.

Henschel originally trained to be an analytical chemist. But then came the Great War, which resulted in his being invalided out of the Army with shell shock. A scientific career was out of the question, and so he got a job on the *Manchester Guardian* as an advertising representative. Subsequently he became advertisement manager of the *Yorkshire Post*, before taking up a similar position with the *Financial News* in 1936. After the merger of the two papers he became advertisement director.

By this time Henschel was in his 50s, but for at least another 20 years he would continue to show the energy and vitality of someone half his age. He was a man of certain marked habits and enthusiasms. These included doing *The Times* crossword first thing each day; looking at car number-plates and making up words from three letters; drinking wine in a knowledgeable way; regularly going to the theatre, including the Royal Court, as well as being a member of the Savage Club; and, perhaps the keenest enthusiasm, being greatly interested in cars. He was founder member of the Guild of Motoring Writers, having become the *Financial News* temporary motoring correspondent during the war, which he then continued to be on the *FT* for some time afterwards. Yet the surprising thing is that Henschel himself did not drive.

In appearance he was conventional; tallish, thinnish, silver-haired, spectacled, distinguished-looking, always immaculately dressed. In some ways curiously shy, his manner was charming and he always found time for people. He never pushed himself forward and preferred to let his achievements speak for themselves. The fact was that, behind the modest facade, he had qualities which made him perfect for the job, as he himself – rightly – never doubted.

He was devoted to the cause of the paper; had a host of friends in the business world; was the most brilliant and persuasive of letter-writers; and, above all, possessed powers of mind, both analytical and intuitive, that gave him a vision of where the future of the *FT* lay and how he should go about fulfilling that vision.

After the war Henschel had quickly discerned the new importance of the advertising agencies. He had begun the practice, probably by 1946, of writing letters to the media directors of every agency in the country telling them what the *FT* was doing in the way of its coverage, industrial and otherwise, and what it was proposing to do. The tone of these letters, and of his whole approach to selling advertising space in the *FT*, was distinctive and in keeping with his personality. There was nothing of the hard-sell, buttonholing manner about it, but rather a quietly authoritative insistence of the high and undiluted *quality* of the *FT* readership, making a virtue of the high cost of the rates and more or less implying that it was a positive privilege to be able to advertise in such a unique medium.

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In all these activities Henschel found a close ally in his managing director. It is easy to fashion a two-dimensional picture of the Eleventh Earl of Drogheda: the languid, drooping aristocrat with the long cigarette holder, the keen interest in the arts, the best possible social connections and a certain almost obligatory *hauteur*.

There is no doubt that over the years many outsiders were deceived into seeing Drogheda as something of a dilettante, meddling in an amateurish way in a world to which he did not truly belong. The truth could not have been more different; as all who knew him as the *FT* managing director (and later chairman) would testify, he was always one of the first to arrive at the office, extremely hard-working and conscientious and a newspaperman to his fingertips, however elegant. There was perhaps a paradox, but it was altogether more apparent than real.

'As Bracken lost his vitality, Drogheda entered his prime. It had been a long and indeed exhaustive apprenticeship, in which it had taken him more than two decades wholly to move out of his master's shadow'

The early background explains much. He was born in 1910 on St George's Day – appropriately enough for the heir to an Irish peerage who would later have nothing to do with Ireland. His parents were divorced in 1921, and his father resigned from the Diplomatic service. He went to Eton and then Cambridge, but left early, having revealed no great academic distinction. He was already mixing freely in society and enjoying himself, but as to the future there was no major family wealth at his disposal and no traditional family career for him to follow.

After two dull years of book-keeping on behalf of the Mining Trust, his great personal turning-point came in 1932 when he met Brendan Bracken at Brooks's Club, clearly made an impression on him and went to the *Financial News* the following year. He began by selling advertising space and during the rest of the pre-war period applied himself to learning the nuts and bolts of the newspaper business. During the war, with Bracken for the most part otherwise engaged, he began to emerge as a force in his own right. The process continued after the merger and above all in the 1950s, as Bracken lost his vitality and Drogheda, though only seven years younger, entered his prime. It had been a full, indeed exhaustive apprenticeship, in

Brendan Bracken: held the reins until the younger Lord Drogheda entered his prime

which it had taken him more than two decades wholly to move out of his master's shadow.

It was against this background – of having risen from the ranks almost despite his birth – that Drogheda in later years liked to call himself "a humble canvasser." This was of course an affectation, but it contained an important core of truth; for all are agreed that, in the causes to which he was attached (which during the 1950s and 1960s were primarily the *FT* and the Royal Opera House at Covent Garden, of which he was secretary and then chairman), he would stop at nothing on their commercial behalf.

Drogheda's style as managing director was, as he later wrote, very much his own: "I was never one for management techniques. I used to read the books, but instinct always guided me. My ways were thoroughly unorthodox, something which I inherited, I suppose, less from my father than from my mother, who was always fearfully impulsive. I had a habit of wandering round the office and dropping in on people in a completely haphazard way, trying quietly to sense the atmosphere. From these chance encounters developed chance ideas, and as often as not they proved fruitful."

Underwriting this approach were his marvellous human qualities. He was witty and companionable, was usually relaxed and possessed the gift of intimacy; he had a lovely sense of fun and mischief (to which his memoirs fail to do justice); he tried his hardest to be just, especially once away from the influence of Bracken, and of all things hated to be called unfair. He was keenly interested in people and their problems and was a good listener; perhaps above all, he had what one might call an inherent curiosity, which meant that there were few subjects from which he "switched off." It was in many ways a very old-fashioned style of management, by which he kept people up to the mark often without their realising that he was doing so. It relied entirely on his flair, his attention to detail and a certain personal magnetism. With his finger so close to the pulse, it was a style that worked brilliantly in an age still willing to accept paternalism more or less on its own terms.

In addition to the ubiquitous physical presence, there was a further weapon in Drogheda's armoury, equally distinctive and effective. This was the memo or letter, sometimes known as the "Droghedagram," which poured out from him in profusion on all manner of subjects, at times coming to their particular recipient at the rate of half a dozen or more a day. The only way to stop them was to go and see him; trying to ignore them merely quickened the flow.

At the same time, it is impossible to deny that there were flaws in Drogheda's make-up. He was thin-skinned and capable of displays of extreme pique if he felt that he or one of his concerns was being unfairly criticised. He could be a snob and had the embarrassing habit at *FT* lunches of reading aloud to all present *Who's Who* entry of the guest of the day. His humour could be waspish. He could treat people with unthinking condescension and had the unfortunate habit of addressing eminent but younger acquaintances as "Master This" or "Master That." These were faults, however, that were many times outweighed by his life-enhancing qualities, his relentless and genuinely disinterested pursuit of excellence and his ability to create, in a working environment like the *FT*, a thoroughly healthy atmosphere of trust and confidence.

From the point of view of the few who worked above him, the depiction of his character by Lionel Robbins (chairman of the *FT* in the 1960s) as "audacious, percipient, quick in action, dedicated and essentially self-deprecatory" fairly hits the mark. The words are conventional enough, like all tributes, but behind them lay a remarkable day-to-day, memo-to-memo reality, helping to take the paper into spheres of which his master and mentor had not even dreamt.

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Such was the "triumvirate" that guided the paper through the 1950s and 1960s. Inevitably there existed internal strains among the three. Probably the most harmonious relationship was between Drogheda and Henschel; both were businessmen at heart, dedicated to the cause of increasing the *FT's* revenue. If Drogheda did find something rather droll about the contrast between Henschel's rather conventional middle-class habits and his ability to get on well with "buccaneers" like Bernard Sunley, then that was not unusual, for Drogheda found something amusing about most people.

As for Henschel and Newton, they got on well enough, but on the whole Newton seems to have preferred to keep his distance. This is not to say that Newton and Henschel did not respect each other, for they did, greatly. Rather, they tended to develop their respective spheres of the paper along similar but parallel lines, rarely touching, but to enormous and mutually beneficial effect.

The truly piquant relationship, however, was that between Newton and Drogheda. Nerves were touched, in Newton's case often raw nerves. Dedicating his life absolutely to the paper, he could not help but resent at some level the worldly, cultured aristocrat, with his many-sided interests and host of friends and acquaintances. Drogheda for his part, it is hard not to feel, was intolerant of what he saw as Newton's philistinism, as well as resenting the glamour attached to the role of editor, as opposed to prosaic managing director. Certainly, on the surface one could hardly imagine two more different types.

Yet in truth they worked well together, complementing each other and each coming to appreciate the other's merits. There were rows, but they did not fester. And as the paper prospered and grew, so they came to relish the fact that they were both survivors from the old *Financial News*, founding influence on the new *FT*. It is arguable that at root they were never such chalk and cheese as they appeared to be. They were both masters of detail and fundamentally uninterested in ideas, indeed mistrustful of them; it was a crucial similarity in the context of running a daily newspaper, where there simply is not time to accommodate major philosophical differences. Resilient and obdurate, with feet firmly on the ground and eyes seldom raised to the stars, they were equipped to meet the most challenging, stressful, unpredictable and fascinating era yet in the history of the paper.

Extracted from The Financial Times – A Centenary History, by David Kynaston, published by Viking. To order a copy, send a cheque for £26.50 (or £30 from outside the UK) – this includes postage and packing – to the Penguin Bookshop, 54 Bridlesmith Gate, Nottingham NG1 2QP.

James Joll recommends a book that can help you find neglected treasures

Victoriana – the next trend

ALTHOUGH Victorian furniture has acquired sufficient respectability to be featured in Harper's and Queen as the coming trend, prospective collectors have lacked a substantial and up-to-date book on the subject.

It is nine years since the last publication of general interest and that relied too heavily for illustrations on trade catalogues and what had passed through Sotheby's Belgravia salerooms. Now Jeremy Cooper, formerly in charge of the furniture and works of art department of those late lamented salerooms, has set out to remedy this deficiency.*

The scope of his book is prodigious, covering the entire period from the stirring of post-Regency eclecticism to the full-blown excitements of Art Nouveau and the early days of Heal's and Liberty's when these two great shops were pioneers of taste and design. However, because he writes with concision and elegance, Mr Cooper is able to cover the ground in a mere 256 pages whereas the American aesthetic movement, in an interesting book produced to complement the recent exhibition at the Metropolitan Museum, required the collective efforts of 10 scholars and twice as much space.

Furthermore, we are given the furniture in context. This is important since most of the best designers of the period were architects for whom furniture was a significant but minor art compared with the institutions and houses for which it was destined. The emphasis of 19th century furniture scholarship, therefore, is much less concerned with the craftsmen who dominated 17th and 18th century English furniture or their manufacturing successors such as Gillow's, Holland & Holland or Lamb of Manchester. It is on the contribution of the designers themselves to the debate about style, which so comprehensively dominated the century, that Cooper concentrates.

This is very proper, for no-one was more responsible both for the scholarly thrust of the gothic revival movement or for the role of the architect as auteur of the entire interior, the first architect discussed at length is Pugin. There is no better tribute to Pugin than the Palace of Westminster. A trickle of its contents leaked into private collections during the neglectful decades after the war, even though few of his other interiors survive intact. Neglect has been banished, however, as the photograph of the reacquired and restored Speaker's Bed vividly demonstrates.

Pugin's ubiquity and the energies of his leading manufacturers, expressly Crace, have assured that examples of many of his designs exist, even if in somewhat debased variants. What is more, his passion for revealed construction echoed down the century. He remained an important inspiration, both for the Goths who followed him and the Arts and Crafts movement which emerged in vigorous and idiosyncratic style in the eighties and nineties. Yet Pugin was dead at 40; "that wonderful man" as Burges described him. Burges is perhaps even more fascinating for the present-day collector. The wit and range of his designs, as well as the breadth of his sources, fascinates anyone who has ever been to Cardiff Castle or Castell Coch, near Cardiff, where he did his greatest work for the reclusive Lord Bute.

Pugin was engaged in 1846 on Adare Manor, Limerick, where the long gallery (above) was finished after his death by P. C. Hardwick

Apart from Bute, he was his own best patron so his mainly polychromatic output is small. Yet there are a number of his finest pieces that have simply disappeared and it remains the dream of every serious collector of 19th century furniture that he will come upon one of these sitting in the back of some junk shop, ignored and unrecognised.

After Burges, the great Gothic architects seemed to lose any real passion for furniture design. A few austere tables and chairs exist by G.E. Street: virtually nothing by Scott - certainly in comparison with the stream of designs for buildings which they produced. Equally, Butterfield, fully the equal of Burges in his mastery of visual imagery, eschewed the domestic and so we have the most marvellous designs for lecterns and altar candlesticks and other church furniture, but nothing for the home.

Alfred Waterhouse, designer of the Prudential's offices throughout the country and thus one of the founders of the corporate image, designed two or three fascinating pieces of furniture for Blackmoor in Hampshire, but otherwise seemed to have lost interest in what went inside his buildings. However, Bevan and Talbert, the fecundity of whose designs has led to their seemingly ubiquitous authorship of all the best reformed gothic pieces of the mid 1860s, clearly remedy the deficiency. It is a merit of Mr Cooper's book that he seeks to place these two somewhat shadowy men into sharper perspective.

We have the inventory of Titus Salt's furniture supplied by Marsh & Jones to Bevan's design in its entirety and Talbert's two books of designs to help us identify their contribution, but what they were responsible for themselves and what they influenced remain unclear. Indeed, it is a danger inherent in concentrating on the role of the individual designer that there is a considerable corpus of work, so far unattributable, that inevitably tends to get swept aside in favour of better documentated but frankly less interesting pieces ascribable to one of the well-known names.

Collectors must learn to trust their own eye as much as rely on the trade label or the shadowy drawing in the V&A which bears some slight resemblance to what they are being proffered.

Mr Cooper's book traces the enormous change in taste that occurred in the 19th and early 20th century. The apparent domination of the Gothic faded and spread to quite separate streams. The aesthetic movement, with its focus on Japanese art and design, was perhaps the most original but, apart from Godwin, lacked a genius to keep something so alien to traditional English taste alive. The conversion of Norman Shaw to "Queen Anne" with its backward look to the English vernacular tradition and the good red brick and white painted woodwork of 18th century England was more to popular taste. Of course, in the wrong hands, it quickly led back to pastiche and reproduction Georgian furniture of which Morris & Co. was as guilty as anyone. But in a house like Cragside, illustrated on the cover of Mr Cooper's book, you can see what a great architect could do with it.

The third stream, the Arts and Crafts movement, started with the subtle proportions and simplicities of Voysey and, later, Gimson's immaculate taste. It then tended to regress into the earnestness of a social doctrine redeemed only by Ashbee's few but magnificent cabinets and secretaires.

It is only in the interiors of Charles Rennie Mackintosh that Pugin's understanding of the importance of an integrated vision was recreated with the same intensity, but in an entirely novel way. The importance of Mackintosh as an architect and furniture designer is readily apparent nowadays from the high prices fetched in the sale room for the most simple of his tearoom chairs. However, his furniture really looks its best, as it should, in the singular houses for which in most cases it was designed. A generation ago Mackintosh was unknown except to a few architectural historians while furniture design as a whole was thought to have ended with the Regency. The turn of the wheel of taste, of course, has opened contemporary eyes to the merits of what our fathers and grandfathers thought to be ridiculous. Even now, we know only part of the story and those who read Mr Cooper's stimulating book will want to look out for the lost masterpieces and the discoveries still to be made. Pugin's own court cupboard for his house in Ramsgate surfaced in Dublin three years ago: Talbert's Pericles sideboard more recently. But where is Bevan's great bookcase for the 1867 Exhibition or the "Dog" cabinet by Burges? Collectors will be better informed and more likely to spot neglected treasures if they have thoroughly studied Mr Cooper's book.

* *Victorian and Edwardian Furniture and Interiors by Jeremy Cooper. Thames & Hudson £25.00.*

DESPATCHES • Lusaka •

Staff of life

LIVING IN Lusaka and travelling around Zambia is my job. But in Zambia work can wait. There are other priorities.

My first task on arrival is to hunt for ordinary food. Living here is more of an adventure than you might suppose if you live in a land of plenty. Bread, for example, is essential for someone with cooking skills as rudimentary as mine, but there is none in the shops.

So, I go out scouting. After a false alarm – a market trader lured me to his fruit stall by claiming to have 12 loaves for sale – I meet a man in a queue at the post office who assures me that he has seen bread downtown in Freedom Way. I go home triumphant with a bag of bread rolls bought for three times the official price from a black marketeer's trolley.

Beer, too, is in desperately short supply. In common with other industrial plant, the equipment at Zambia Breweries is decrepit and poorly maintained. As usual I employ one of the barefoot boys selling cigarettes in the street to guide me to a shanty town bar which will sell me a crate – again at a premium over the official price. Price controls do not work when there is a shortage.

I never thought I would long for orange squash, but its disappearance from the shelves in the middle of the southern hemisphere summer is peculiarly annoying. Coca-Cola and Fanta are things of the past, banned to save foreign exchange.

Little else has changed since I went away. "Unclaimed bodies rot at hospital," says a headline in one of the pile of local newspapers waiting for me. "Traders keep vegetables in lavatories," says another. I vow to take my malaria pills and boil my drinking water religiously from now on, not because of the headlines, but because one of my neighbours has hepatitis and another malaria.

Life for foreigners, of course, is relatively easy. I can use my dollars to gain access to the Soviet-style foreign currency stores, which usually stock South African beer, biscuits and cooking oil, French wine, British cheese and tonic water from Botswana.

Zambians find life more difficult. Like many Africans, they show an extraordinary stoicism in the face of poverty and hardship, queueing patiently for maize meal, bread and other basic goods. Some shortages in Zambia have as much to do with poor administration and distribution as with a physical lack of the product in demand.

Government mistakes also share the blame for the country's food crisis.

For years the state has subsidised city dwellers and neglected small farmers. The result is not just a small crop. People from the countryside find it worthwhile to sell all their maize to the government (instead of keeping some for their own use), and then to go into town to buy their subsidised maize meal.

Here, even simple administrative tasks can be a challenge. When I first went to insure my car, a thief tried to make off with it before the papers were signed. I ran across the road and shouted. He shrugged and stood unconcerned about 10 yards away, keen to make another attempt. Even if the police have guns, they often lack transport.

I solved that problem by parking the car right in front of the insurance broker's office window. The Zambian driving test was another matter. "Why," asked the examiner after a few perfunctory questions about traffic, "did you kill Christ?"

"I didn't," I replied, surprised, and passed the test.

With my bread secured and my milk rushed from roadside salesman to refrigerator before it curdles in the heat, I can start work.

This time, however, my food-hunt was interrupted by a bomb which exploded outside an office of the African National Congress, the South African opposition movement which has its headquarters in Lusaka. It was a small explosion, a minor incident in the war of nerves between the ANC and the government nearly 1,000 miles away in Pretoria. Joe Modise, commander of the ANC's guerrilla army, appeared on the scene affable and smiling, with a little girl in his arms.

Africa is not just about dramatic military coups, wars and famines. After a while I went back to my shopping.

Victor Mallet

Food for Thought

Missionaries stir the broth

THEY'RE all over London at the moment. One minute there's Edward Keeling and his team from the Hyatt Regency in New Orleans serving up Cajun Creole food at the Hyatt Carlton. The next there's Beaney MacGregor doing something along the same lines at the modish Fifty One Fifty One in Sloane Avenue. Laid-back Californian Bradley Ogden is teaching us his way with muscovy ducks and polenta at the Hilton, and Mark Chayette, late of New York's most *recherché* dinery, the Quilted Giraffe, is to be found weaving his particular culinary spells in the kitchens of the Capitol Hotel.

Messrs Keeling, MacGregor, Ogden and Chayette aren't the first of their kind to try to inculcate a little gastronomic civilisation into the British. In fact we have made something of a habit of importing culinary talent from overseas. Careme, Escoffier and Boulestin are three eminent names that spring readily to mind. More recently we have had the benefit of the skills of Michel Lorain in the Oak Room at the Meridien Hotel of Jean Andre Charial at the Auberge de Provence and Louis Outhier at 91 Park Lane, all three star men.

Peter Fort thinks we have a lot to learn from foreign chefs

Of course this is fine and dandy as long as you happen to be popping into any of these places just when Michel or Jean Andre or Mark or Beaney come to that, are working their wonders. Normally you have to move pretty quickly because these great men tend to come in on short service commissions, and then pop back at regular intervals to pick up the cheque and to make sure that everything is tickety boo.

Terrific, you may say. Just another piece of specious razzmatazz to justify charging an arm and a leg for some elaborate foodie foldarol.

I'm not so sure. It goes without saying that dining out in this country would be a pretty impoverished experience were it not for foreigners past and present who have taken up domicile with us, and like missionaries of former times, instructed us in the new learning.

And there is a line of argument, too, that runs along the lines that our own native born chefs are the immediate beneficiaries of all this high powered wisdom. By working along side this maitre and that, something of the genius rubs off. There could be something in that. After all, David Chambers has just picked up his first star (Michelin, that is) at the Meridien.

But do they, I wonder, leave anything of lasting value behind? Are there any crumbs that fall from their chopping boards to the benefit of the great culinarily unwashed? Speaking for myself, I hope we do manage to absorb one or two of their ideas and influences. Cajun Creole cuisine – surely an alliteration made in a public realtions heaven – particularly in the hands of Mr MacGregor certainly brings some much needed colour and warmth to a time of the year sadly devoid of it.

That the inhabitants of New Orleans, the home of Creole Cajun cooking, eat out more frequently than any other people in the civilised world. It's not hard to see why. Blackened shrimp and Jambalaya. Andouil and gooey puddings of every description combine the attractions of seafood, spices and every child's idea of gastronomic paradise in more or less equal proportions.

As Dale Brown wrote about Creole food in the volume devoted to American cooking in the Time-Life series *Food of the World*, "Truly it is superb melange, a beautiful blend of French, Spanish, Anglo-Saxon and Indian influences, as interpreted by Negro cooks using local ingredients – crabs, oyster, crawfish, hot pepper sauce, file powder (made from finely crushed leaves of sassafrass)". And he goes on to point out that "in spite of its complexity and richness, Creole food reflects the greatest of household economies."

The euphonious jambalaya, for example, can be made with left over rice and any old bits of meat you have knocking around, and gumbo may be made with the strangest assortment of meats including squirrel, and even fresh greens and herbs.

Exactly where the Creole influence ends and the Cajun begins is a matter for fierce debate in the universities and eateries of the region. Again according to the admirable Mr Hale, Creoles in New Orleans are descended from the orginal French and Spanish inhabitants, while the Cajuns come from the Arcadian French settlers from Nova Scotia.

In spite of the fashionable marketing of the style, and the development in the hands of chefs like Mr Keeling, Mr MacGregor and the redoubtable Paul Prudhomme it remains true to its Arcadian roots, confirming, as I had always thought that Arcadia is a place flowing with fudge, honey and Worcestershire and Tabasco sauces.

Whether one can say that "Californian cuisine" has a root at all is a moot point. Bradley Ogden would have us believe that Cajun Creole cooking is old hat – about two years old hat to be precise – and that Californian cuisine is in the ascendant. Well, you could have fooled me. Alice Walters and Chez Panisse and the associated cookbooks have been with us from some time.

To judge from Mr Ogden's own stab at doing things over here, admittedly more hampered than helped by the kitchens of the Hilton, his style of Californian food draws on traditions that range from Mexico City to Milan and from Penobscot Bay to Provence. I get the strong feeling that "Californian Cuisine" is more a flag of convenience than an authentic culture of its own.

No matter, Mr Ogden is undoubtedly an extremely talented cook. He chooses, when he can find them, the finest ingredients, and treats them with ingenuity and respect. It may not be simply Californian. More importantly it is his own. This seems to be the abiding mark of the best American Chefs. There are in fact, so many traditions they can draw on, and they need be restricted by none.

Mark Chayette exemplifies this eclectecism. For example he produced a combination of a superb terrine de foie gras with a salad of vegetables – carrots and courgettes sliced into thin strips – that had been seared on a griddle, or possibly grilled and then lightly dressed with oil and vinegar; something French and something Italian, something you can do in your own home combined with something you can't.

Fine, say I. Bring on your crawfish bisque, your soft shell crabs with bearnaise sauce. Roll out the tuna carpaccio and anchovy toast, and give us all the liver with caper sauce and all the pecan squares you've got. We're not proud, and we have much to learn.

Susan Moore on a unique group of paintings

French connection

THE WALLACE Collection is not renowned for its watercolours or for its exhibitions (this is only the third since 1900). Apart from the two dozen Boningtons on permanent display there is little visible evidence that the fourth Marquess of Hertford was an avid collector of contemporary French and English watercolours.

In fact he amassed 114, including the largest holding of Boningtons in the world. Originally hung along a sunny south wall – which explains their condition – they have long been consigned to solander boxes, and more recently to the conservator's studio. Now 32 emerge to go on show for the first time in 50 years (until April 17).

Decamps, Delaroche, Lami, Horace Vernet: these are the familiar names. With the exception of the great Gericault, none is liable to start pulses racing. Compared to the Old Masters and 18th century French decorative arts that are Hertford's heavyweights, these watercolours are flyweights on the wall.

He obviously saw them as a complementary part of his collecting. They constitute a unique group in this country, typical of French Second Empire taste, and reflecting one aspect of the unparalleled interdependence of French and English art in the early 19th century.

For some inexplicable reason Lord Hertford bought most of his watercolours at auction, although he was a friend of Horace Vernet – he owned some 50 oils – and certainly knew Decamps, Lami, and Bellange. He spent most of his life in France, and his was the Paris of Hugo, Balzac, Berlioz, and Delacroix; little wonder that he revealed a Romantic taste for heroic and exotic subjects.

He acquired Napoleonic subjects by Bellange, Cogniet, Raffet, and Horace Vernet, and even a portrait of George IV transformed into a Romantic hero by Gericault. Most of the oriental colour - and titilation - is provided by Decamps, with works such as "The Favourite of the Pasha", "An Algerian Woman", or the richly subtle "The Reading of the Firman".

Although termed "*aquarelle vernie*" by the French, Decamps' medium was an English invention. It was Richard Parkes Bonington, Anglo-French like Lord Hertford, who was largely responsible for the introduction of the English Romantic watercolour into Paris after the Napoleonic Wars.

It was not only the expressiveness of the medium that appealed to his contemporaries, but a highly individual use of opaque bodycolour and varnish that gave his watercolours something of the substance and brilliance of oil. This technique was adopted by his fellow students at the studio of Baron Gros - five of whom are represented here - and the cult of "*Le Bonningtonisme*" was underway.

What is fascinating is the selectivity of the French response to Bonington. His literary and historical subjects were widely emulated.

Eugene-Louis Lami chose court themes of the 17th and 18th centuries. "Supper with the Regent", a Bacchanalian orgy, would be worthy of Jordaens were it not so pretty.

Bonington's more naturalistic watercolours proved less influential. It was as if the French were not interested in exploiting the unique, translucent properties of pure watercolour. Instead they used the medium like oil, Decamps creating a similarly impasted surface with both.

Nowhere is this more clearly marked than in "Out of School", an even-toned Murillo-inspired tour-de-force. It brings to mind Lord Hertford's comment: "I only like pleasing pictures." (There are no gruesome flagellations or decapitations at Hertford House). Too often in the case of his watercolours his collection is pleasing to the point of blandness.

After a better image

High Street Wine

THE CO-OPERATIVE Wholesale Society, although describing itself as Britain's biggest off-licence operator, has not been exactly prominent in the wine retailing market. Now, however, with the appointment of Vintners' Scholar and Master of Wine Dr Arabella Woodward, it is aiming to improve its market image and share, and has added 55 new wines to its range.

Until now it has had about 100 wines available to its 70 superstores and supermarkets, though managers have not been obliged to stock them. Recently, they offered 26 of the new wines at a London tasting.

The prices on the whole were low - a white Vin de Pays des Cotes de Gascogne at £1.99 - and they gave the impression that price was the major consideration in the selection. Most of the wines are in 70 cl bottles, soon to be outlawed by the EEC.

Many are also labelled under old-fashioned house brand-names such as Pierre Chaumont for the French wines and Carissa for the Italian, and there are many non-vintage wines, though it does appear that vintages are being increasingly looked for. These are comments on some of the wines:

WHITE

Vin de Pays de Cotes de Gascogne (£1.99). A good example of the dry white wines now produced in the Armagnac department of the Gers, with a firm fresh aroma and fruity flavour.

Pierre Chaumont Muscadet NV(£1.99). Rather dull and slightly coarse. Cheap perhaps to woo buyers, but the fact is that good vintages are generally better than poor or non-vintage blends.

Pierre Chaumont Sauvignon Blanc NV (£2.39). Catty-nosed and rather aggressive.

Lohengrin Berreich Nierstein NV (£1.89). Very grapey, medium sweet, but with more flavour than many such wines. Good value - but why Lohengrin, who was associated with the Scheldt rather than the Rhine?

Jean Deligny Chablis NV ((£7.69). Lacks crispness and acidity. Expensive.

Pierre Chaumont Alsace Riesling NV(£3.19). From the Pfaffenheim co-op, this has a genuine Riesling bouquet and a flowery flavour. Good value.

Pierre Chaumont Alsace Gewurztraminer N.V.(£3.69). Typical bouquet, well-balanced flavour and not as aggressive as young Gewurztraminers can be. Good value.

RED

Red Pierre Chaumont Beaujolais NV (£2.69). Light, not much character.

Carissa Chianti NV (£2.39). A light fruity Chianti for immediate drinking.

Pierre Chaumont Coteaux du Tricastin NV (£2.25). From the Valreas co-op in the Rhone Valley. Very pale, with a nice full nose and flavour. Well-balanced, good value.

Cotes du Rhone NV (£2.19). A light rather sweet example, and easy to drink, but without a lot of the flavour of most such wines.

Rioja Vina Valduengo NV (£2.99). Very oaky, but an attractive, flavoury young wine.

Pierre Chaumont Bourgogne Rouge NV. From the Haute-Cote d'Or area this has more character, fruit and flavour than much generic red burgundy and is fair value.

Chateauneuf du Pape 1985 (6.99). From Chateauneuf's only co-op, the Cellier des Princes, this is unexpectedly soft for its age and ready for drinking. Worth the price.

Edmund Penning-Rowsell

Are you quite posh enough? Nanny will set you right . . .

O solecism mio!

OH DEAR, oh dear! Now I shall never be able to ask Sir Terence Conran to dinner. Did you know that festoon blinds are not just a little passé but *unmentionable*? And to think that when I bought them, some five years ago now, I was so pleased with them that it quite perked up my breakfasts as I sat there enjoying them, thinking how admirably they became the rather high proportions of our dining room.

Mind you, we'd be all right as far as the front door goes. That is a wonderfully acceptable black and, according to the self-appointed arbiters of these matters, Meredith Etherington-Smith and Caroline Clifton-Mogg (as you can see, it's not just doors and curtains; names matter, too): "Classically, only Henry Ford Black will do." Phew! How we came to choose black I no longer remember but what a bit of luck I mean, if

we'd had a penchant for brilliant yellow I don't think we'd have realised it was just a Sixties' cliché.

The door furniture also passes the Caroline and Meredith test. It's brass and polished, not lacquered. And I see we're all right on the hall. We could keep Sir Terence hovering there, admiring the fact that it is definitely "not grand and impressive" but exactly as it should be – "welcoming, messy and functional." It hasn't always got the wellie boots ("the filthier, the better") but there certainly are some lurking somewhere and I could easily winkle them out and put them there just to show that, when it comes to halls, we really know what's what.

Actually, we're all right, too, on the subject of three-piece suites. Never did like them. We have what could euphemistically be called an "eclectic" collection of seating arrangements, ranging from a Biedermeier sofa to a Magistretti chair. But just in case anybody out there, desperate for something to sit on, is even now wondering about that three-piece suite lurking in a local department store, I'm sure you'd like to know that Nanny Etherington-Smith and Nanny Clifton-Mogg are absolutely as certain about this as about all other decorative matters: "The answer is no." And, while we're on the subject: "Matching sofas upholstered in white and contrast-piped are not on," either. So there.

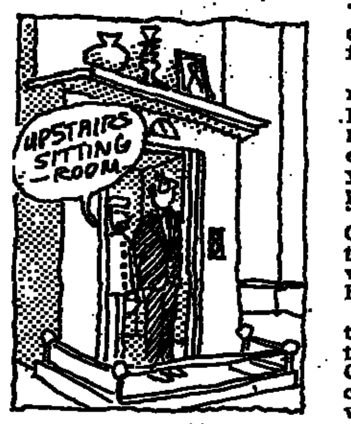
Thank heavens I never liked pouffes either. They, too, are *out* (their italics, not mine). "Leave them," advise Ms Etherington-Smith and Ms Clifton-Mogg, "to benighted souls living in the outer darkness of suburbia." Now, my goodness, there we had a narrow squeak. Six years ago and we would hardly have been able to hold up our heads in polite society. We were among those "benighted souls living in the outer darkness of suburbia" (Wimbledon, dear Wimbledon, to be exact) but then we got this really fortunate urge to move back to central London. So, I guess we now pass muster on the tricky question of address.

The home, it seems, is not a restful place. "Danger," they warn, "lurks in your choice of mantelpiece. The rule here is to stick to the period: no lacquered Georgian repro in a Victorian house." Well, we didn't really choose ours – it came with the house and, being not perfect but unobtrusive in a gentle kind of way, we left it there. How could we have been so sloppy, so casual? I mean, what if, *quelle horreur*, it is of a DIFFERENT period to the house? All these years . . . the social gaffe . . . maybe we should emigrate?

But what is this I see? (AND it is labelled NB). "Cards on the mantelpiece are only acceptable before the party – never after." (Note to Ed: please hold the page while I just rush off home and clear up that terrible pile of left-over Christmas and New Year invitations. I thought we were just a bit behindhand, I had no IDEA we were so unchic.)

I wouldn't mind one little bit getting rid of the chrome-legged glass-topped coffee table (you will not be surprised to discover that it is "out"). In fact, I've been dying to do just that for ages but the difficulty is that the replacement I have in mind comes with a price tag that is way, way *out* as far as I'm concerned. But meanwhile here is a really handy tip: "Cover it with a cloth at the very least." I will at once, Meredith and Caroline, at once (will my beautiful antique Paisley shawl do the trick?).

Lamps and lampshades are another decorative minefield – they can be "disastrous." You may be as amazed as I to learn that "a converted 18th-century chamber-pot" gets the Meredith and Caroline seal of approval here. I haven't come across many of those lately – I had no IDEA they made good lamps – but we seem to have scraped by here, a kind of undistinguished



pass, with our plain-coloured card shades which are perfectly "acceptable."

We were never tempted by "amusing menageries of glass animals . . . copies of Meissen pugs, Chelsea poodles, any sort of Staffordshire and those inevitable Herend rabbits;" but if any of you out there have a sneaking fondness for them, I'm afraid you're in for a nasty surprise. They are, say Meredith and Caroline, DEADLY (their capital letters). Here they have another helpful tip – you could, to get yourself out of this very nasty hole, consign all figurative ornaments to your second sitting-room.

Whether by good luck or good judgment I know not but in the drawing-room (apart from this embarrassing business of the chrome-legged, glass-topped coffee table) we seem to have avoided quite a lot of dreadful pitfalls – our rugs are Oriental (GOOD, say M and C), we have no festoon blinds and our curtains (they "can be another devastating give-away") are not too short ("terrible") although, on the other hand, neither are they trailing on the floor ("always best").

We don't have any pictures of anybody else's ancestors, either (a big, bad gaffe this), but I'm rather worried over all this arcane business about frames ("water-gilding with the backing showing through is the best. Machine-gilding is absolutely out, even if cleverly distressed by repeated flagellation with chains.") . . .

Our dining-room isn't "rich and sombre as a mid-Victorian temple to food" but, on the other hand, we certainly don't have any cruets (our dear little silver salt cellars with Bristol-blue linings were stolen along with the ancestral silver candlesticks – both very OK *pace* C and M – which is a pity as they would have done a little to make up for the distressing business of the festoon blinds). Nor do we have tulips stuffed into laboratory vases (BAD) or "flower arrangements of all one colour in that Constance Spry fan shape" (also BAD).

Luckily, my mother-in-law never gave me any silver pheasants – if you are unfortunate enough to have such an embarrassing mother-in-law, you should consign them (the pheasants, that is) to your "upstairs sitting-room." (Please, C and M – is this the same as the second sitting-room to which the figurative ornaments have already been banished?)

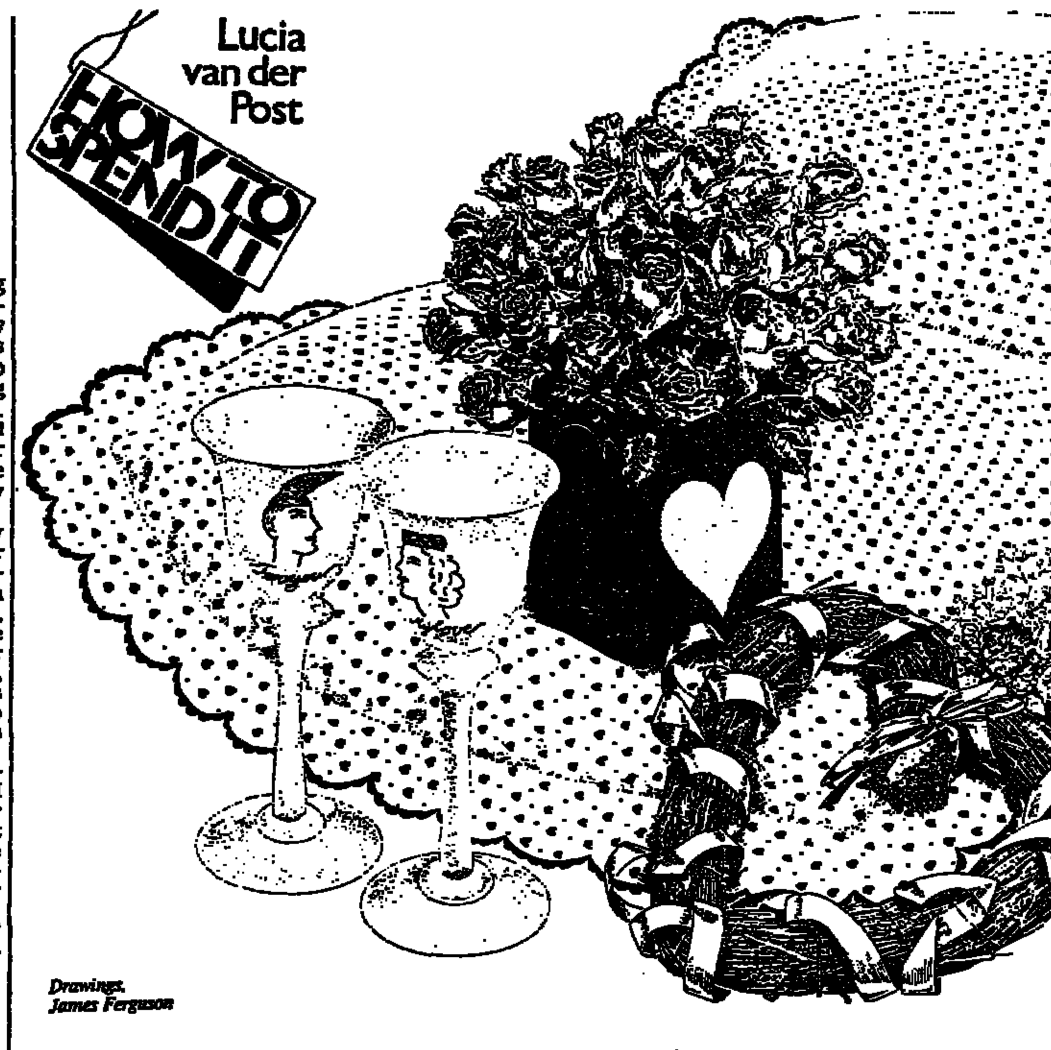
Now here at last I find a matter on which the authors and I think seamlessly as one. Dear Caroline and Meredith, when it comes to wines I couldn't agree with you more. "Marxist vintages (Bulgaria, Romania) or right-wing red (Chile) are out. Antipodean nectars are in." YES, YES and YES (my capitals).

P.S. Dear Caroline and Meredith – just a thought. I'm a little worried about this mantelpiece you talk about, where so much danger lurks. Dear Nancy Mitford, who, you may recall, was a great stickler for getting things absolutely right, would not have approved. For her and her kind the word "mantelpiece" was OUT, OUT, OUT. The best sort of homes, the ones that you would approve of, sport only a chimneypiece.

"In Design Bazaar, a new supplement banded into the February issue of Harpers & Queen. The uncertain, the nervous and the overpaid can take refuge in an iron set of decorative dos-and-dont's devised by Meredith Etherington-Smith and Caroline Clifton-Mogg in an essay on Bad Housekeeping in which the authors "lay down the rules to save you from yourself."

L.v.d.P

Lucia van der Post



Drawings: James Ferguson

Left; descampe pillowcases with tiny hearts - in muted pink or blue, £12.50 each. Witty "satin" glass wine glasses 'For You' and 'My Love' are each £35. Heart-shaped wreath with flowers, £12.95. All three from Harrods which delivers free within a 35-mile radius. Smart, shiny black cache-pot decorated with a red heart (£35) and filled with red roses (approx. £2.50 a stem) from Chelsea Flowers, 23 Cale Street, London SW3 (tel. 01-352-0996).

Romance made easy

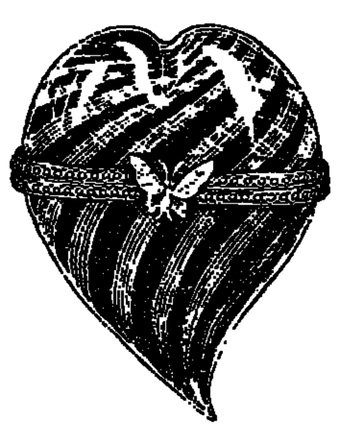
FEBRUARY 14 approaches. You may be in that strange state of being that some call "in love" and others madness, you may just be feeling generous towards your nearest and dearest or perhaps for no good reason you are just in a mood to celebrate. There's no time to lose if you are going to make the day a memorable one. Here are just a few suggestions to make it easy.

● I can't think of a nicer Valentine's Day present than a perfect dinner, cooked, delivered and served by somebody else and all in the comfort of one's own home (somehow, much more intimate than a restaurant). Add a nice big bottle of Laurent Perrier's pink champagne (in this, the FT's centenary year, all the labels bear the FT centenary logo) and whatmore could you want? Londoners can order a complete meal from Dining In, a new and desperately eager-to-please catering service. For February 14 (or any other night come to that) it will cook and deliver (if required, with all linen, glass, cutlery etc) any meal you like but – just to whet the appetite – it suggests Seafood Cocktail followed by Spatchcocked Grouse with Rowan Jelly, Game Chips, Haricots Verts, and Asparagus Spears, then a Glazed Lemon Tart (or a heart-shaped Strawberry mousse). Prices around £32-£36 for a meal for two. Tel. 01-720-2477 or 01-603-2951. Out of London readers, as far afield as 50-60 miles could ring 0480-301773.

● Too busy to shop yourself? The Conran Shop, you may be interested to know, has a telephone ordering service and a gift-wrapping service. So – what about a white ceramic coeur-a-la-creme dish filled with sugar Fraises du Bois and silver chips (£7.95)? Or even, if you are in a post crash depression, what about a heart-shaped lollipop, red with red ribbon on a wooden stick – £1.25? Or there's a reproduction of a fifties "Amourette", a red heart-shaped jug for £19.50. Tel. 01-589-7401.

● Or ring Telefruit on 01-403-0555 and order a heart-shaped basket filled with fruits of various sorts. If you're feeling extravagant (or loving) add some champagne, caviar, chocolates or a red rose as well. Prices start at £17.50. 24-hour nationwide delivery is guaranteed on orders placed before 12 noon, same day delivery within the M25 area.

● For just £4.99 you could give a bottle of Saint Amour AC



Enchanting, heart-shaped pillbox, made from dark blue and white glass. They look antique but, alas, are not. Two sizes, £62 and £68. From Meltons, 27, Bruton Place, London W1X 7 AB (tel. 01.409.2938.)

1987. Saint Amour, I learn, is one of the 10 villages in Beaujolais and, though I haven't tasted it myself, Thresher Wine Merchants, who are shipping Saint Amour for the first time, tell me that the wine is of the quality of Fleurie and Brouilly.

● Pizzas aren't my idea of romantic food but if they're yours (or more importantly, perhaps, your beloved's) then head for The Chicago Pizza Pie Factory, 17 Hanover Square, London W1, where the heart-shaped pizza and the St. Valentine's Day Massacre Cocktail has become a traditional part of St. Valentine's pizzazz. Londoners can order heart-shaped pizzas to be delivered by taxi to addresses in Central London on the day itself for just £7.80 plus delivery charge (tel. 01-629-2552 - ordering line open from 12 noon to 11 pm).

● Get the day off to a good start with a champagne breakfast. Send your beloved his or her very own champagne breakfast. Carringtons Deluxe Deliveries (tel. 01-546-8827) will deliver a ready-chilled ½ bottle of Gilbert Betrand champagne, freshly-squeezed orange juice, two croissants, butter and jam as well as two of the following options - ¼ lb handmade chocolates, 2 oz smoked salmon, ½ melon and two Danish pastries. It all arrives on a white-wood tray (which you get to keep, along with the glass) with a little basket of flowers for women, a red rose for men. £25 a head.

● You have just three days (today, tomorrow and Monday) if you want to organise a delivery of some exquisite top-quality Belgian chocolates to be delivered in their own hat or heart-shaped box. Chocolate buffs will know that Belgian chocolates are to the world of chocolate as Beluga is to caviar, as Krug is to champagne. So ring Noisette (01.940.4724) send a cheque or postal order to Noisette at Matthiaes Bakery, 84 Kew Road, Richmond, Surrey, TW9 2PQ.

● Frog Hollow, 15, Victoria Grove, London W8 (tel. 01-581-5493) is a shop many readers seem to be very fond of. It's full of splendidly jokey and attractive presents - choose from a tiny teddy bear in a bag bedecked with the message "Let's Fall In Love" (£3.50, p+p 50p), a blank note book (VERY useful) with a spine of floating hearts and glitter (£4.95, p+p 75p) or a specially devised Valentine cushion embroidered with the immortal legend "Love Can Be Hare Raising" (£24.95,p+p £1.50)

● For HIM -Blades of 8 Burlington Gardens, Savile Row W1 has a big selection of hand-painted silk accessories. In glorious or muted colours (to taste) choose from bow-ties (£25), cummerbands (£50), waistcoats (£175). Less expensively, look out in good menswear departments, for the Addiction collection of heart-patterned boxer shorts (£5.99 in cotton, £16.99 in silk), slippers (£6.99), pyjamas (£16.99) or nightshirts (£14.99).

● Cass MacClancy is fast becoming a name to watch out for in jet-set circles. Her earrings set with cubic zirconium (imitation diamonds to you and me) hearts and drop pearls are a hot seller at £400 a pair and she has a selection of rings all set with heart-shaped stones (£150 in 9 carat gold, £300 in 18 carat gold. By appointment only, 81a, Elizabeth Street, London SW1 (tel. 01-730-7947).

● Perhaps simplest, freshest, classiest of all - a huge basket of nothing but passionfruit. Choose your own basket and find your own fruiterer (though, if stuck, Harrods sells them at 30p a time).

Philippa Davenport looks at the possible dangers of clingfilm

See-through arguments

ONCE UPON a time there was greaseproof paper. Then came kitchen foil, then clingfilm. Food packers and cooks rejoiced at the new arrivals. Each one seemed to offer greater convenience than the last.

Clingfilm, in particular, seemed miraculous. So supple and contour-hugging, it provides an excellent airtight seal. You tell at a glance which of the neatly-covered bowls in your fridge contains stock, apple puree and prawns without unveiling any of them. And, unlike metallic foil, clingfilm seems tailor-made for use in microwave ovens.

As with all convenience products, there are drawbacks. Sometimes, clingfilm seems too damn clingy. You grate your knuckles on the perforated cutter, the film flies out of control, then clamps down viciously, winding itself around the roll as obdurately as Sellotape so you spend hours and break your nails trying to prise it loose again.

This is a minor irritation, perhaps. But now it seems there may be other reasons to approach clingfilm with a little caution.

Anne Morrow

Most clingfilms are clingy because of the plasticiser molecules they contain, and one of the plasticisers used most commonly in PVC-based clingfilm goes by the name of DEHA. Recent studies have shown that this chemical plasticiser is inclined to migrate from the wrapper to the food it is supposedly protecting. Fatty foods are particularly vulnerable to plasticiser migration, and the risk is high when foods are in direct contact with the film. Cooking food in clingfilm-covered dishes in microwave ovens has also been found to cause high levels of plasticiser migration. (Reheating or defrosting is less risky.)

It might turn out that DEHA is quite safe and innocent as far as human health is concerned. At present, data is sparse and inconclusive. All we know is that high doses of DEHA produce an increase of liver tumours in mice and affect the sperm of male mice. Much more proper research is needed.

When the alarm was first raised, a government minister said there was "no cause for concern." Then, shortly before Christmas the Ministry of Agriculture, Fisheries and Food (MAFF) produced a report which makes me want to play safe by using alternatives to clingfilm in future - at least until such time as proper research is carried out and the results made known.

"Because of the uncertainties in the toxicological data . . . we consider that it would be prudent to avoid high intakes of this plasticiser," says the MAFF report. It adds: "We consider that the overall dietary intakes of DEHA should be substantially reduced," and it recommends that clingfilm containing DEHA should be labelled as unsuitable for cooking in microwave ovens.

In view of this message, it seems foolish to go on using DEHA-laden clingfilm to close-wrap fatty foods like salami, cheese and halved avocado pears (avocados are one of relatively few fruit and vegetables that have a high fat content.)

If I owned a microwave, I would think seriously about investing in lidded dishes especially designed for use in microwave ovens.

I realise now just how much we have come to rely on clingfilm. The idea of doing without it does not appeal. Fortunately we don't have to. Most manufacturers and chains have reacted by introducing new own-label products which are similar to clingfilm but which do not contain DEHA and are called by other names "because the word clingfilm has assumed bad connotations."

That these new products contain no DEHA is evidenced by the fact that they have the words "non-PVC" written loud and clear on the label. Bejam's non-PVC Food Wrap goes on to declare that "this new material contains no plasticiser."

Waitrose's two new products are Non-PVC Polythene Film Food Wrap, which comes in sheets, and Microwave and Freezer Food Wrap, which comes in a roll. The latter has the words "non-PVC, for use in microwaves and freezer" emblazoned in a flash across the box. I find it excellent. It is less clingy than conventional clingfilm (fewer snarling problems, I hope) but a great deal more expensive, I fear. The polythene Film Food Wrap is so new that it has not yet reached my local branch. I understand it is malleable enough to wrap food neatly but it won't make a self-sealed parcel.

Incidentally, Waitrose tells me that the material used on the delicatessen counters for wrapping ham, cheese and so on has never contained plasticiser. It has always been non-PVC heavy-duty sheet. So keep these products in the wrappers in which you buy them and all will be well.

Waitrose continues to sell its own-label clingfilm and I have just noticed it states somewhere on the box that the product is "not recommended for use in microwaves or conventional ovens."

When shopping these days, it makes sense to take your spectacles with you. When in doubt, read the labels carefully, small print as well as large. "Non-PVC" or "plasticiser free" are the key words to look for if you want a product which contains no DEHA. If you don't see them, ask. And go on asking if necessary until a choice of clearly labelled products is on sale.

George Watson on the literary world between the wars

Vin Audenaire era


Young hopefuls – Isherwood, Auden, Spender and Kathleen Raine

BRITISH WRITERS OF THE THIRTIES
by Valentine Cunningham. Oxford University Press. £30.00, 530 pages

CLEVER IN a new way, Thirties intellectuals hoped to change the world, and for the better. What they did, it is sobering to reflect, was to show the world and themselves how wrong clever people can be. This big, baggy book by an Oxford don, which took six years to write, does not depart from that familiar conclusion.

Valentine Cunningham, Fellow of Corpus Christi College, Oxford, runs through what Auden, at the start of the Second World War and an exile in New York, dismissed as the "clever hopes of a low, dishonest decade," assembling its views on literary coteries, the Great War (as they called it, knowing none greater), youth cults, films, public schools, varieties of sexuality, mass observation, Communism and the Spanish Civil War. As usual, Modernity here refers to what was fashionable in Paris some 20 years ago, and there is an initial nod towards post-structuralism and the presence of the author as "old-fashioned." Then off into history at a panting pace, as if theory did not matter.

The moral stance is rigorously normal. Utopians and perverts are always at least a little funny. Left and Right are unquestioned as politically descriptive terms. Left, as usual, is virtuous but a bit silly; Right is downright wicked. This is a book no one could fail to learn from, cutting a wide swathe through the surviving evidences of a dead age, its minor literature as well as its major. But it will not subvert any common view. Here are the Thirties as we have traditionally been taught them: optimistic, silly, and in the end hopeless. Look what followed, after all. The class war they believed in did not happen. The world war they did not believe could happen did.

The style is all of a piece. Mr Cunningham should have asked a pound of his publishers for every time he uses "of course"; and many of his of-courses, or some similar term, accompany his rasher judgements. Those who remember the Leavises – F.R. and Q.D. – will be amazed to hear that their deference to each other's opinions was "undoubtedly meant as a major protest against the homosexuality current among literary people." In fact they were happily married and hardly knew what homosexuality was, outside a dictionary, their ivory-tower innocence being a long-standing joke among their acquaintances.

It is astonishing to hear Robert Graves called a rightist, apparently on the sole ground that he was anti-Communist. Mr Cunningham thinks that Christopher Isherwood's fictional technique was cinematic simply because in one of his fictions he says that it was. Evelyn Waugh, in a passage you do not have to be a Roman Catholic to resent, is said to have been something of a Fascist, of course, because a Catholic, – "his Catholicism egging on his fascistic streak" – though he never was a Fascist any more than Mussolini was a Catholic, and there is no "of course" about it. His support for the Italian invasion of Abyssinia in 1935-6 was shared by Bernard Shaw on socialist and racialist grounds, though there was no "of course" about that either. But then Shaw's help for Fascism is not mentioned.

The Thirties intelligentsia emerges here, convincingly, as gripped by successive and overlapping obsessions: aeroplanes, class-war, topography, even prepositions. No doubt, in their fashion, they were cranks. What one misses, amid all this well-read disdain, is any sense that their convictions mattered beyond the trivial sense that some famous writers briefly held them. And yet these were doctrines that men were ready to die or kill for. In fact some did die or kill for them.

The reader is bludgeoned by an imposing mass of evidence. But he is not allowed to take much of it seriously. The tone is pervasively whimsical, often pert. An amusing lot, one feels, our grandparents, though the joke has worn a bit thin, the world has moved on, and nobody sees things like that now, being older and wiser, or younger and wiser. The argument is contained within these unspoken assumptions, first and last. It refuses even to contemplate breaking out.

There is recent evidence that this view is already out of date. Since the revelations about Anthony Blunt and his colleagues to which we have been treated since 1979, it is less clear than it once was that Thirties intellectuals were vain and ineffectual. There are lines drawn today across the map of Europe – lines with a depressing air of permanence about them – that are there, it now seems probable, because Thirties intellectuals helped to put them there during the period of the Soviet alliance of 1941-5.

Mr Cunningham's book does not enter into such dark speculations, and it is not much interested in espionage. It is very pre-Blunt, so to speak. "The Auden Generation remains canonical," Mr Cunningham remarks early in his book, without much apparent hope of shifting it. That leaves all assertions untested. Since it is now a pervading academic assumption that literature means writing with the truth-content left out, no claim need ever be tried against evidence, no pretension to have changed history verified against the facts of history itself, and no general assertion, if backed by "undoubtedly" or "of course", called on to produce its credentials. Canonical is the word. This is a book that takes its period at its own published word. It is engagingly name-dropping and full of information, much of it entertaining; and even its busy, unkempt prose is calculated to charm. But there are no acid tests here. Where all the world is a joke, there can be no point in subjecting familiar assertions to tests of any kind.

The book leaves one thinking, as it should, even if one's thoughts transcend it. In its account of the Left Review symposium of 1937, *Authors Take Sides on the Spanish Civil War*, it is characteristically assumed that you were only a real Communist if you joined the Communist Party. What ground is there for thinking that the Party loyalty of fellow-travellers was any less than that of Party members? How do we know that Marxist intellectuals in that age would not, if occasion had arisen, have founded a Soviet state in Britain or helped in the business of extirpation that invariably follows such revolutions? What was W.H. Auden doing in Spain in the early months of 1937, a period of which he always refused to speak?

What ground is there for thinking that most British observers before the Spanish Civil War saw Mussolini or Hitler, those arch-radicals, as right-wing at all; and whatever they thought, what is the truth of the matter? Is there any reason to think Fascism less radical than Communism, in intention or effect; and if so, what is it?

These are not questions addressed in this book, which is content to look unsubversive, and does. The Auden Generation was eager for self-publicity, and its effects still show. But elsewhere the picture looks different. Many a survivor of the Thirties will tell you that it was possible, even easy, to be literary in that age without ever reading Auden or Spender or Day Lewis or MacNeice – or, for that matter, Eliot, Joyce and Virginia Woolf. Not much follows from that, to be sure. An age can easily be wrong about its own literature. But it can be wrong about the past too. And the day some academic historian dares to see the inter-war years as the era of Shaw and Wells, Chesterton and Belloc, Hugh Walpole and Charles Morgan, Somerset Maugham and Arnold Bennett, will be bright new day. That will be a brave man, and a brave book.

K. Natwar-Singh on an angry Indian sage

Prophet's clarity

THY HAND, GREAT ANARCH! INDIA 1921-1952
by Nirad C. Chaudhuri. Chatto & Windus. £25.00, 979 pages
THE AUTOBIOGRAPHY OF AN UNKNOWN INDIAN
by Nirad C. Chaudhuri. The Hogarth Press. £7.95, 506 pages (paperback reissue)

WHEN MR Chaudhuri's, *The Autobiography of An Unknown Indian* appeared in 1951, it created a sensation. It catapulted its unknown author into world fame. The book was a masterpiece.

Thy Hand... too will stir the air. It is an intellectual and literary tour de force. At 90, the Indian Spengler continues to provoke, irritate and annoy the complacent, the thoughtless and the philistines. His is a disturbing view of Indian life and society. His temperament is profound but not amiable. He suffers from chronic indignation. He is not a comfortable writer to be with. His life has not been comfortable. He knows exactly what he is doing. If there was a choice between caution and courage, it was courage that Nirad Babu chose. He has never bothered to count costs. Living dangerously comes naturally to him.

Those who elect to swim against the current invite the wrath of the world. Mr Chaudhuri, in his introduction tells us that at one time he thought of giving the title, 'One Man Against his People' to this book. I wish he had. His assertion that he was, "against historical trends, not any people", is not borne out by his writings.

His one big, unending quarrel has been with his people who, in his judgment have no sense of history, no creativity, no vision and are a servile decadent lot. In this volume he carries further his theory of an, "all embracing [Indian] decline", which he enunciated with such startling vigour in 1947: "All that we have learnt, all that we have acquired, and all that we have prized is threatened with extinction. We do not know how this end will come, whether through a cataclysmic holocaust or slow putrid decay. But regarding the eventual extinction there does not seem to be any uncertainty".

These are hard words. He has, without reservation, without let, turned on his people, who have turned on him with matching ferocity but not matching skill.

Mr. Chaudhuri is at his incomparable best while writing about himself, his occupations and preoccupations, his appointments and disappointments, his hopes and his hopelessness. The chapters on Bengali literary life and its ethos make rivetting reading.

The literary style and form could hardly be bettered. We are permitted to peep deep into the abyss of N.C.C's character, into the depth of his feelings, into the wounding degradation of the years he spent in Calcutta in his youth.

The essay on Rabindra Nath Tagore (Nobel Prize for Literature in 1913) deserves special mention. I have come across nothing better on the life, poetic philosophy and artistic genius of Tagore. Mr. Chaudhuri writes: "Even if the number of writers from all ages and all countries is reduced to a score by a rigorous scrutiny of merit, Tagore would be one of them . . . he would be in the hierarchy limited by Goethe on one side and Victor Hugo on the other".

I am not with Mr Chaudhuri when he tackles politics and politicians. The only Indian (it would be more correct to say Bengali) politician he knew well was Sarat Bose, the elder brother of the famous Subhas Bose. The two brothers get much attention. Subhas Bose's feud with Mahatma Gandhi is spotlit in a manner which can hardly be termed detached or dispassionate. The men of the Indian National Army (INA) are called, "dirty military prostitutes".

Why such venom against men who put patriotism before allegiance to their oath to an alien King? The INA issue was a political one, nothing less, nothing more. The leaders involved, British and Indian, had no option but the one they chose.

N.C.C.'s grasp of Indian politics is purely academic and theoretical, as is evident from his total disapproval of the partition of India in 1947. He is negatively severe on Mahatma Gandhi and the Indian freedom movement. He even goes to the extent of lambasting Attenborough's film. Gandhi's achievement is so colossal and so obvious that N.C.C's denigration of him reflects poorly on the author and not the Mahatma. Mountbatten is belittled severely. On Nehru the author is less reckless. Jinnah gets high praise. Hitler gets credit for dismantling the British Empire, not Gandhi and Nehru! The British are roundly condemned for deserting their imperial destiny and ratting on the Empire. Often, Mr Chaudhuri spoils his case by overstating it, and consequently he is least convincing when his assertions degenerate into dogmatism. But all this is done in superb prose. The subtleties of the English language are extended by a master.

N.C.C. has made his bed and is not afraid to lie on it. So let him have the last word:

"Yet writing as I have done, I have been able to create an interest in my books and earn a livelihood which has been adequate for living a basically civilised life. If on account of that I can be included among the small numberof men who have lived by imposing their terms on the world, it does not speak less for the world". That is generous enough.

Chaudhuri: looking into the future

Fiction

Trader on trial

THE BONFIRE OF THE VANITIES
by Tom Wolfe. Jonathan Cape. £12.95, 659 pages

Tom Wolfe: a mature first novelist

SINCE OUTSTANDING ability in more than one branch of literature is rare, the news that – at the age of 56 – Tom Wolfe had published his first novel might not, initially, have produced ecstasy. It is, therefore, pleasing to be able to report that *The Bonfire of the Vanities* is every bit as good as *Mauve Gloves and Madmen* or *From Bauhaus to Our House*. In fact, I found it so compulsive that I almost finished it in one sitting, which makes it – if not necessarily better literature – even more enjoyable than the brilliantly satirical but essentially heartless essays.

This is the key to the success of *The Bonfire of the Vanities* – the delighted discovery that Tom Wolfe has a heart. Arrogant and conceited though his tragic hero, Sherman McCoy may be, we feel for him in his fall from multi-million dollar bond-trader to hounded, handcuffed Great White Defendant in the Bronx Courthouse.

Some might think that such empathy is misplaced – that it could, for example, have been for the black victim in McCoy's hit-and-run accident. But that, of course, would be asking Wolfe to be a do-gooder, rather than the fastidious scourger of pretension that he is.

Besides, it is good to get a real story from an intelligent writer again, rather than yet another Barth, Gaddis, or Pynchon-type cat's-cradle of semantic hocus-pocus. Not that *Bonfire* is exactly innocent story-telling. It was W.H.Auden, following D.H.Lawrence, who pointed out that most good American novels are parables, their settings, however successfully realistic, masks for their symbolic message. Tom Wolfe's novel contains a good deal of symbolic characterisation, as well as social indictment concealed behind his riveting action-packed insights into New York high and low-life.

Take the high first. Sherman McCoy – a 38-year-old, six-feet-one, jut-jawed imperious Wasp – has a 40-year-old interior designer wife named Judy, a six-year-old daughter named Campbell, and a dachshund called Marshall. Sherman thinks of himself as a "Master of the Universe" because he can make $50,000 commission in a few seconds on Wall Street.

We encounter him leaving the marble-and-walnut of his sumptuous apartment building in order to take Marshall for a walk. Sherman has a Southern belle mistress called Maria, whom he tries to telephone from a pay-phone. When an unfamiliar voice answers, he realises he has dialled his own number. From that moment on, nothing can go right for McCoy. He knows in his heart that, as his wife tells him, he is "cheap, rotten and a liar".

The scene is set for an event which becomes a *cause célèbre* and leads to McCoy being pilloried in a court case which is ruthlessly manipulated by politicians and media people alike. McCoy picks up Maria in his $48,000 Mercedes and gets lost in the Bronx through missing a turn-off to Manhattan. When he gets out of the car to remove a tyre which has been thrown at it, two black muggers approach.

After hurling the tyre back at them, he jumps in the car. Maria slides over to the driver's seat, guns the engine, and, as the car slews round, hits the younger and frailer of the boys.

Like the scriptwriters of *Hill Street Blues* – or, indeed, like Thackeray in *Vanity Fair* – Wolfe unfolds his tale in several, parallel plots. One is concerned with the Rev Bacon and his ambitions. Imperially ensconsed in his millionaire's mansion in Harlem, Bacon fears that the son of one of his best workers, Annie Lamb, has been hit by a Mercedes driven by a wealthy man and woman. Since he has obtained part of the licence number, he works through Abe Weiss, the publicity-seeking District Attorney, to mobilise a campaign against the as-yet-unknown driver.

Another plot concerns Larry Kramer, one of the Assistant District Attorneys, who falls in love with an attractive juror wearing brown lipstick and ends up as prosecuting counsel. It is here, in Chapter 5 of this 31-chapter novel, that one feels Wolfe swing effortlessly into his stride. The argot is authentic and the inside information convincing. The Irish, "stone courageous," obstinate as donkeys, rule Homicide. The Italians follow them, the Jews admire from afar.

Henry Lamb, the 20-year-old black honours student, dies after a year of being in a coma, and, although – as we are all too well aware – it was McCoy's mistress who was driving the car, it is McCoy himself who is arraigned for manslaughter. Demonstrators from "All People's Solidarity" have a field day. Abe Weiss prepares a 50-page indictment of McCoy as part of his re-election programme. The Wasps may rule Wall Street, but their voting power is as nothing compared with the blacks and Hispanics.

What is remarkable about this superbly-told, yet saddening moral tale is that Tom Wolfe rarely puts a foot wrong. The dialogue, as well as the characterisation, carries complete conviction, no matter how outrageous the situation.

Tom Wolfe has brought back into the American novel something of the sweep and characterisation of his namesake of the 1930s, but, being incomparably more intelligent and sophisticated, he has succeeded in pleasing (in I.A. Richards's terms) the "hard of heart," as well as the "sentimental." May there be many more novels by this dazzling and skilful writer.

Geoffrey Moore

Return of the beloved

LOVING ATTITUDES
by Rachel Billington. Hamish Hamilton, £10.95,211 pages.

MARY TEMPEST, a successful executive with a successful marriage and a pretty teenaged daughter, receives a visitation from her less successful past. A daughter, born of an early liaison with a married man and adopted at birth, turns up at the family's snow-bound winter holiday cottage. Her appearance fails to stir any real maternal longings or regrets in Mary but does awaken yearnings for her first real love, the child's father.

Soon Elizabeth's search for her long-lost mother finds an echo in Mary's hunt for her former lover. Passion and love, it seems, can survive a 22-year interval, two marriages and four children. Mary's husband embarks on another adulterous relationship.

The perception of Elizabeth as an interloper is cleverly highlighted by her different cultural background - her adoptive parents were American and while she shares the language of her natural parents she is clearly "a foreigner", frequently astonished at the peculiar ways of the British. The story impartially, and apparently randomly, switches focus giving us each character's viewpoint and achieving a spare, fragmented effect. It also switches from bed to bed. But there is, thankfully, more to this novel than mere breathless coupling.

Each character is on a quest for love. Mary, who bears the name of Christendom's ideal mother yet rejects her first child, observes: "Love is the most important thing in the world . . . When you don't love, you're dead." But each character has a different understanding of the word, from sexual need to vague immortal longings. Death, a more convincing absolute, intervenes and provides a salutary counterpoint to Elizabeth's "resurrection". Sexual love is compromised while love between parent and child seems to be the nearest to pure love that we can hope for.

The prodigal mother Mary declares: "Our mistake is believing we can ever reach [paradise] through any kind of human love." Her realisation comes on a sultry southern beach which contrasts sharply with the wintry setting in which she first embarked on her quest. In this symmetry alone we see a sense of harmony and contentment in her acknowledgement that great and holy love is unattainable.

Annalena McAfee

THE illustration from the *Biblia Pauperum* published on January 16 was of the Judgement of Solomon, not of Moses receiving the Law.

Blissful was it in that dawn?

1968, A STUDENT GENERATION IN REVOLT
by Ronald Fraser. Chatto & Windus, £14.95, 370 pages

ANNIVERSARIES ARE much in fashion. David Caute has already had a go at 1968; now it is Ronald Fraser's turn. And this year we shall no doubt hear much more about the 1968 "Student Revolt" and (later) Munich. Mr. Fraser's method is what he calls "oral history". This method, borrowed partly from current American journalism, in Mr. Fraser's hands puts together huge agglomerations of episodes, comments and reminiscences from hundreds of individuals in various countries in the 1950s and 1960s, interlarded with strong doses of ideology. He has with his collaborators and over 200 "participants", certainly laboured impressively and nobly in its compilation. The student adventures described extend from California to Britain, France, Germany, Italy and Ireland; and from Berkeley and civil rights to the LSE and the Paris outbursts of May 1968.

The merit of this method is that the record is at its best colourful, and that one is reading, presumably, what was actually said or done by named individuals. The disadvantages are: first, that what emerges is a somewhat disjointed, if not incoherent, picture of general conflict and confusion; and secondly, that it is not easy to assess the representative value of the particular incidents recorded. May there not have been, one asks, 200 or 300 other individuals not enumerated who might have been saying or doing something very different at the same time? Mr. Fraser's mixture of narrative with frequent sallies into ideology rather heightens these doubts, and ensnares him from time to time in passages like this: "the so-called Frankfurt school whose critical theory combined Marxist and Freudian tools of analysis to uncover the connections between socio-economic exploitation and psychic oppression under advanced capitalism". If this is "oral history", the Public Record Office still has a future.

Nor, jargon apart, does this method – perhaps it is not meant to - build up to anything that can be called history. For instance a generous ration of Mr. Fraser's space is given up to the Vietnam war and records of how on account of Vietnam numerous university and other buildings were "occupied", destroyed or set on fire. Yet there is little mention of the fact that though, like Suez, the Vietnam war was a colossal political misjudgement, nevertheless it started with an attack by the North Vietnamese on South Vietnam, who had a perfect right to defend themselves and ask for help.

Similarly, in his paragraphs on Northern Ireland, Mr. Fraser's selective omissions distort the picture too far in the direction of legend.

To this he might reasonably reply that he has written not a history, but a description of student revolt. But if that be the aim, two major questions demand to be answered. What were these rioting students basically trying to achieve by smashing everything up? And, even more interesting, why did it all happen in 1968 and not before or after? On the evidence of this book, the students' idealism, in most cases, was only exceeded by their naïveté. They had almost no idea what they were doing. "We want everything" was the cry of one of their spokesman at one moment. And at other times they seemed to be *against* everything. Mr. Fraser comes nearest perhaps to answering why it all happened in 1968 by suggesting that the very rise in real living standards in the 1950s and 1960s and the spread of university education produced a new student population whose demands were unlimited.

Here, I suspect he is on the right track. A similar and illuminating possible explanation has been put forward by Sir Henry Phelps Brown (*The Origins of Trade Union Power*, 1983) who suggests that the 20 years of rising standards and full employment after 1945 eventually generated a mood of optimism which ignored the old difficulties and was utterly impatient of all restraints. This scenario would go far to explain the accelerating pay-inflation in all Western countries in the late 1960's which upset full employment policies before the oil shock of 1974 and led to so many economic upheavals in the 1970s. Phelps Brown perceptively compares 1968 in its wide spread with 1848 when a revolutionary spirit (without much "information technology") mysteriously ran around Europe. And Mr. Fraser also notes this parallel in observing that, ironically, 1968 followed 20 years of material progress.

So one sobering moral may be that if people expect too much, they are all the more disappointed. Thus it seems to have been in 1848 and 1968 - and also, indeed, in 600 AD when the early Christians confidently expected the Second Coming. On all three occasions paradise failed to turn up on time.

Douglas Jay

Forsterana

MERCHANT IVORY fans will welcome The E.M. Forster Film Omnibus (Hutchinson, £12.95, 762 pages) containing novels, *A Room With A View*, *A Passage to India*, and *Maurice*, in one volume. Good value.

A blockbuster musical opens at Stratford next week. Antony Thorncroft explains why.

Carried away by the cash

NEXT SATURDAY the curtain rises at the Royal Shakespeare Theatre, Stratford on Avon, on one of oddest ventures in the history of the Royal Shakespeare Company: a musical adaptation of *Carrie*, the Stephen King blockbuster novel about a young girl with telekinetic powers.

Why is the RSC lending its name, its theatre and the talents of its artistic director, Terry Hands, to a work whose natural home is an airport bookstall; a work which after a three week season moves swiftly westwards to take its chance on Broadway? The obvious answer is money. The RSC still carries round its neck a £1.2m debt, legacy of a string of lacklustre productions at the Barbican Theatre in the summer of 1986 which unfortunately coincided with a dip in tourism by terrorist-chary Americans. *Carrie* is a very nice little earner for the RSC.

Through its deal with its German co-producer, Fritz Kurz, the Company collects a £220,000 no strings sweetener. In addition a further £330,000 (the take from a three week box office sell out) has been advanced by Kurz which, as well as meeting some RSC overheads, becomes the RSC's investment in *Carrie*. So when the $7m production transfers to the Virginia Theatre on Broadway in April almost 10 per cent of any profits (if it runs for the nine months minimum to move into profit) will wing back to the Company.

But the RSC is anxious to stamp on suggestions that it is selling its soul for a mess of pottage. Terry Hands is enthusiastic about *Carrie*. "The idea of directing a musical tragedy rather than a musical comedy fascinated me. I've enjoyed co-ordinating the specialist talents of others – there is a much wider spread of them in a musical than in the classical theatre. I would have done it as a freelance exercise, but if I can direct it for the good of the RSC that is fine."

General manager David Brierley follows up for the defence. *Carrie* is making theatrical history: for the first time British and American Equity have cooperated in a show cast equally between the two nations. And, anyway, late February is always the dead season at Stratford. The theatre used to be kept open with touring productions but these are now thin on the ground. It makes sense to use the short interregnum between Shakespeare seasons to do something completely different, especially something so potentially lucrative.

Yet it is weird that the solution to a few quiet winter weeks should be the production of blockbuster American musicals. It is hard not to believe that the RSC has got hooked on the genre. First there was *Les Miserables*; then, to fill the February gap last year, came *Kiss Me Kate*, which had arguable Shakespearean roots in *The Taming of the Shrew*. Now *Carrie*, which might have been a revival of *The Boys from Syracuse* (*A Comedy of Errors* in another format) if the rights for that musical had been available and Fritz Kurz had not come up with such a tempting alternative.

The attraction for the RSC is less a case of Terry Hands wanting to prove himself, both artistically and financially, the equal of his predecessor Trevor Nunn, who waxed rich on *Les Mis*, than the contemplation of the financial honeypot. The RSC missed out on an investment stake in *Les Miserables*; even so it will earn £710,000 in royalties from it this financial year and, if all goes well, make over £1m next. *Kiss Me Kate* produced some useful revenue at Stratford last year but has yet to move into profit in London: however, with a North American future guaranteed, it should eventually come good. *Carrie* is the joker in the pack. If it can establish itself on Broadway it will pump money back to Stratford in prodigious quantities.

By itself *Carrie* cannot put the RSC back into the black, but it is another useful cache of revenue. Suddenly a final solution to the RSC's endemic financial mess is in sight. Last week the City of London announced it would give the RSC £500,000 if the Company could raise a matching sum. Corporate friends and the Royal Shakespeare Theatre Trust have pledged £450,000 between them. The first tranche of the £1.1m, three year, sponsorship by the Royal Insurance has now come through, and the RSC hopes to receive the maximum £250,000 from the Arts Council's new Enterprise Fund, available to companies that come up with money-making wheezes like *Carrie*.

With such a barrage of advances the immediate crisis should be defused. But the RSC is still seriously under funded. It has been warned to expect only a 2.5 per cent increase in its Arts Council grant for 1988-89. In fact it can only hope to maintain its current level of activity into the future by becoming dangerously dependent on the income from transfers like *Les Miserables*, *Les Liaisons Dangereuses* (worth £35,000 this year), and their successors. And there are enough examples of ambitious ventures that floundered, *Poppy* comes to mind, to make this a high risk strategy.

If the RSC gets cash what does Fritz Kurz gain from the connection? Well, he gets the RSC name, the talent of the RSC's chief executive, and a world premiere at Stratford on Avon which will impress his backers and, hopefully, Broadway critics. Kurz also gets the experience of a broader stage for his operations.

To date his main achievement has been the introduction of the modern musical to Germany, a country which, for all its wealth, is artistically split between the ghettos of heavily subsidised opera, classical and experimental theatre, and commercial rubbish. Kurz's production of *Cats* in Hamburg attracts audiences from Sweden and Switzerland as well as all corners of Germany, and is credited with bringing around £20m in income to the city. In recognition the local council has just handed over to Kurz a redundant theatre where he will present *Phantom of the Opera* next year. In Bochum in May he opens *Starlight Express* in a new theatre built by the city for the occasion. Kurz has thrived, thanks to enterprise, modern marketing methods which computerise bookings through one salespoint, and Andrew Lloyd Webber. *Carrie* is his chance of cracking first Broadway, and then the West End, with his own creation.

Over the last few weeks Terry Hands has been drilling his team into shape. He naturally gets a percentage from *Carrie* but is abiding by the payment guidelines, drawn up by Kenneth Cork at the prompting of the Arts Council after criticism of the earnings of Trevor Nunn and Peter Hall from commercial transfers of hits they first directed in the subsidised theatre. As a result Terry Hands earns less than he would if producing an independent musical and will take no more than the RSC's cut. He does not expect *Carrie* to have the earning potential of *Les Miserables* since it is an adult rather than a family show. "I would be happy if it brought in £250,000," he says.

But before any revenues can be spent there is the opening and the critics. There have, of course, been the usual back stage dramas so familiar from Hollywood musicals, such as the sudden disappearance of the musical director, but *Carrie* seems to be shaping up well, with particular excitement about the dancing, choreographed by Debbie Allen of *Fame*. The idea lingers that the RSC, weary of churning out stock Shakespeare by the metre every year, has been snared by the siren songs of grandiloquent producers. But with public money for the arts certain to be rationed in the immediate future, the path the RSC is pursuing so diligently is the one that must be followed by any arts organisation that wants to progress financially, and then artistically.

Terry Hands' team at the RSC shaping up for "Carrie"

Land of Nod music

NEW AGE Music started in the States (where else). Cynics see it as a clever marketing ploy, therapeutic background noise for the generation weaned on non stop music, and now too old for obtrusive pop but too light headed to cope with classical. For its supporters it is a blend of Chopin and Genesis, gentle, instrumental sounds, the like of which accompany the soul to paradise – as much music for Moonies as music for yuppies.

Like most alien musical forms it sells prodigiously in Japan but has yet to break out of the closet here. Some tentative door opening was attempted at the Purcell Room this week when Coda Records, the main purveyors of New Age in the UK, showcased six of its acts over three nights. To make it an apparently unrefusable offer there was a free album for every punter.

This did not quite fill the Purcell Room on Thursday for Eddie Hardin and John Themis but it assured a polite, responsive, audience. Apart from the music the main problem with New Age is that it is almost anti-visual: it virtually commands the eyes to close. Also it tends to rely on musical gadgetry and multi-tracking for its effects. Live performances by its artists are as fraught with problems as productions of Parsifal.

Eddie Hardin, who in a former life was with the Spencer Davis Group, took a direct, no nonsense, approach. He just sat at the piano, said "see you at the other end," and played for forty five minutes. It was not at all disagreeable, reminiscent of being in an empty piano bar in the early evening when the pianist cannot be bothered to waste his repertoire so just doodles along scales, looking for a chance melody to embroider.

John Themis, by contrast, is a character. His beret made him look like a young Wagner, but he plays the guitar with more facility. He also has a side kick, Terry Disley on keyboards with whom he exchanges mysterious smiles. Once again there was no need to concentrate, no need to do anything but lie back and let the music roll over you like breakers on the shore. Themis deals in images – of Brazil, New York, and free fall parachuting.

The latter provided a fitting image for New Age music – escapist and drifting, with reality suspended. Themis confessed that after writing the piece he had actually parachuted and found it a much noisier, rougher, experience. And that's the real world. New Age music, with its pretty packaging and consoling philosophy is quite harmless, and in small doses, could be recuperative. But it is the music of Dreamland, if not Noddyland.

Antony Thorncroft

Theatre

Mike Arron

Eliza Langland and Tom Mannion in Iain Heggies' "American Bagpipes"

Successful sequel

TWO FIRST nights this week, in London and Manchester, have confirmed Iain Heggie's position as one of the most gifted and promising young writers in the British theatre.

A Wholly Healthy Glasgow, at the Royal Court in London, was a winner in the Mobil Playwriting Competition of 1985 organised by the Royal Exchange in Manchester. The theatre presented the play to wide acclaim last year and it entered the international arena at the Edinburgh Festival. It can be seen on BBC Television on February 16.

While his first play continues in London, the Royal Exchange has unveiled his second. The sequel to a first success is a crucial test of a new playwright's calibre. In this case, doubly so, for *A Wholly Healthy Glasgow* was self-confessedly modelled on another play, David Mamet's *American Buffalo*.

Heggie teases us by invoking that same piece in his new title, *American Bagpipes*. But he proceeds to write a powerful, quirky, funny and virtually Euripidean domestic comedy that surprises as much as it delights. He passes the test.

Sandra Michigan (Eliza Langland) has returned home to Glasgow from New Jersey. She wants to take her mother Rena Nauldie (Eileen Nicholas) away with her. Her father Willie (Campbell Morrison) is a blockish police constable who bellows offstage for his tea and calls his wife "Bridget," to his but nobody else's amusement. Her brother Patrick (Tom Mannion) comes home after seven years in prison and a brief stint in the South of England. He wants to see if he can stay in the same room as his father without hitting him.

Patrick is an Orestean figure who has combined his criminality with writing a book called Family Atrocities. He wants to exorcise his misery by writing it down and dismembering the family tree. Father, too, keeps his secrets between covers. The contents of Willie's casebook have repercussions, just as Sandra takes exception to being documented by her brother.

After a first act of absorbing, rabbit-punching encounters, Casper Wrede's production goes into a flat spin of frenetic zaniness. In some of this I detect a Second Act Problem, a panic at the prospect of dénouement. But Heggie is also testing himself, extending his boundaries to animate the arguments of revenge and destruction.

This is an interesting development. Heggie has a wonderful gift of orchestrating Glaswegian speech patterns into rythmic dramatic dialogue, and a sure grasp, too, of the mysteries of ellipsis and fragmentary utterance. The health club shenanigans in *A Wholly Healthy Glasgow* are entirely verbal; Richard Wilson's smart production is now tending towards the dangerously inert at times.

The induction of a young enthusiastic visionary (Paul Higgins) by the foul-mouthed Donald Dick (Tom Watson) and his pimping lieutenant Charley Hood (Gerard Kelly) is like a John Byrne play on a Mamet skeleton. The dispiriting routines of arranging Donald's homosexual "nookie" while fixing Charley's cheap renewal rates among unsuspecting injured footballers are written with a transforming, intoxicating relish and bite.

Young Murdo is shocked. He has obviously been inspired by the imprecations of Mrs Edwina Currie, the health minister. He envisages a wholly healthy Glasgow by 1991, with everyone jogging, nobody smoking and the city's collective mind both alert and in repose. His initiation course at Pontefract did not include massage. The play is about the corruption of idealism and, in the case of Donald Dick, plain corruption.

A Wholly Healthy Glasgow is a ripe but entirely invigorating play. In following it with a play such as *American Bagpipes*, Iain Heggie advertises both his innate talent and a determination to develop through experiment.

The Manchester production is beautifully acted, maintaining a fine balance between absurdity and truth, and is most skilfully designed by Geoff Rose as a suburban battlefield of pale blue carpet squares and proliferating newsprint.

Michael Coveney

Video

Tuned in to opera

THERE HAS been a slight hiccup in the distribution of opera videos over the last year. The National Video Corporation, which in effect dominates the UK domestic market, was involved in the Cannon-Weintraub imbroglio, but has now regained control of its titles and re-established its own marketing operation. We are promised a flurry of new releases before long, including the Glyndebourne Ravel double-bill, the Covent Garden *Entführung*, and Nureyev's Paris Opera *Cinderella*. There are rumours of the main European distributors, Unitel, marketing its list in the UK at long last (they have the Chereau *Ring* from Bayreuth, amongst much else) and it is to be hoped that US produce will find its way here before too long – there are any number of goodies from the Met.

Meanwhile, the NVC backlist can be explored with profit. There is a move afoot to substitute subtitles for the doubtless expensive libretto booklets that have hitherto been packaged awkwardly with the cassettes. Well and good – subtitles are acceptable if not actually desirable in any form of mechanical reproduction, (and the reported reaction of buyers, half for and half against, sounds more plausible than the figures touted by purveyors of live opera with the wretched things). But they will have to be better than those on the *Lombardi* from La Scala which, far too literal and in joyous translatorese, aroused gales of merry laughter in casa Milnes.

This *Lombardi* is anyway no great shakes vocally. There are some good moments from Ghena Dimitrova (her pacifist cabaletta sets the spine tingling) and Carreras belts Oronte's music out efficiently, but there are some downright unacceptable contributions lower down the line. The production is the sort of thing calculated to bring opera into disrepute, and the release seems to confirm the problems of recording performances at La Scala: the sound is as shallow and muddy as that on some recent audio recordings from the house.

In this respect it is a relief to turn to issues recorded at UK theatres. The forward, bright sound on ENO's *Mary Stuart* is ideal, and the clear projection of the English text renders the accompanying booklet redundant. Here we have preserved one of Janet Baker's operatic farewells in 1982: she is in lustrous voice, and without obvious Italian credentials of tone or phrase, she strikes time and again to the very heart of Donizetti's enigmatic appeal with passages of blinding musical insight. Her characterization is for the most part of expected Dame-like nobility, but at the famous unhistorical confrontation of the two queens – as thrilling on tape as in the theatre – out comes the lower lip, the eyes narrow, and you have the authentic, barnstorming monstre sacre. Riveting!

Yet this is more than a one-person show. Charles Mackerras understands Donizetti as clearly as Dame Janet (use of instrumental colour and rhythmic thrust exemplary) and after a shaky start David Rendall's forthright, clean-limned Leicester gives great pleasure. Rosalind Plowright's Elizabeth falls victim to the production's well-meaning but misguided attempt to bring the action closer to historical fact: the dramaturgy falls apart.

Gloriana, in marginally less clear sound, is another important ENO release. Britten's opera has so far escaped the recording studio, and even without the visual side it is good to have the score readily available in a reading as distinguished as Mark Elder's. Flawed *Gloriana* may be, but the best of it is amongst the best of Britten. Sarah Walker's account of the title role positively gains from the prying eye of the camera: it is full of rich and understated detail, and Anthony Rolfe Johnson's Essex, a Hilliard come to life, is one of the best things this artist has done. Essential for the library shelf.

But the most consistently satisfying source of opera videos remains Glyndebourne. Peter Hall brings much more than just workmanlike reproduction of staged performance to his video versions of *Carmen* and *Albert Herring*: here we move from video-as-record to video-as-filmed-opera. His cameras bring their own creative and investigatory personalities to bear on the matter in hand, probe and enhance the detail in the productions, and since both contain performances of considerable depth – Maria Ewing's sultry Carmen and Barry McCauley's terrifyingly deranged José, John Graham-Hall's Albert and the young lovers of Jean Rigby and Alan Opie – the rewards are enormous. The direction by Trevor Nunn and Christopher Swann of the former's *Idomeneo* may be less baroque in its camera work, as befits the subject, but it catches unfailingly the spare beauty of John Napier's decor and the thought behind Philip Langridge's mesmerizingly haunted interpretation of the title role. These three, all conducted by Bernard Haitink, are the most absorbing and thought-provoking operas-on-tape I have yet encountered. If only *Porgy and Bess* could have joined them.

Rodney Milnes

Radio

Death defying

MERE SYNCHRONICITY, perhaps, but interesting: last week, television gave us a programme on "near-death experiences," and the same subject came up on Radio 4 last Sunday (and Tuesday), with one of the same experts, Dr Peter Fenwick. The television programme had to show us simulations of the experiences described by the folk who had known them at their expected points of death, and this made them less convincing. A patient lying in bed who feels herself rising to the ceiling will not necessarily rise in earthly clothes, for instance – perhaps not even in earthly flesh. The accounts given on radio let us picture the events as we chose.

The experiences were often similar. The patient might drift up to the ceiling, and there witness all that was going on around the earthly body. There was the sensation of floating along a dark tunnel with an extremely bright light at the far end (this was also known by a Tibetan Buddhist). There were talks with deceased relatives, and sometimes with a friendly anglophone God.

What I found slightly unsatisfactory in both programmes was the lack of fundamental questioning. Where were the deceased grandfathers encountered by two of the near-dead? Were the backgrounds recognisable? The Baronne de Paoli spoke with a slight accent – in what tongue did she hold her paranormal talk? Was there any mention of Heaven, or of the nature of eternity? Do such events ever happen to people who, like Housman, wish to "depart into death away, not to be born again"?

A scientific suggestion offered was that insufficient oxygen in the right limbic section of the brain might provoke such sensations. The knowledge of events that occurred during ones "insensibility" occurred because the brain contains all parameters, and the coordinates were changed, a theory I am happy to leave to others. There was not much attempt at a theological explanation, though the Buddhist told us that the brilliant light at the end of the tunnel represented Buddha.

I have not written lately about Radio 4's afternoon plays, and as Monday evening gave us a repeat – Trevor Howard in Strindberg's *The Father*, welcome indeed – this seems a useful opportunity.

Tuesday brought a hilarious 30-minute piece by Paul Wolfson, *Mad Rats and Englishmen*. We start in a hospital operating theatre, where an eminent surgeon is just completing an operation. Suddenly everyone in the theatre goes mad, except ambitious young Alec Dawson (Nickolas Grace). But Dawson is removed to a mental ward just the same, and there he discovers the machinations of Professor Hare (Iain Cuthbertson), who believes a mysterious Substance P causes all madness. Seeing that Dawson is apparently immune, he designs to extract a Substance Q from his brain, the cure for P. Hare becomes the victim of over-exposure to whatever his substance is and is killed by his own experimental rats. Dawson moves on to a renal unit, and we return to another, less exciting, operation. The surgery, if not the medicine, sounded very expert; the lively direction was by Matthew Walters.

Thursday's *Over the Moon*, by Graeme Curry, was an oldfashioned tale of how ambitious young John's sporting career was almost spoilt by family affairs, but with a new-fashioned twist. John was hoping to be selected for his club's Cup Final side, but engagement trouble between his brother Martin and fiancee Debbie interrupts his training, and it looks as if he'll be dropped. The twist is that John and Martin are black and Debbie is white, and moreover John is extra-sensitive to the racial abuse of crowds and other players. But all comes right, and John scores the winning penalty in the big match. Caroline Raphael directed a production where Afro-Caribbean voices were only modestly heard from Sylvester Williams and Ben Thomas, who played the brothers, or even from their bomb-throwing mate Danny (James Goode).

B.A. Young

Chess No. 709

1 K-B5 (threats 2 Q-N7 and 2 Q-R5 mate). If R-B8 ch; 2 BxR, or if R-B4 ch; 2 QxR ch, or if R-B3; 2 P=N ch, or if RxP; 2 Q-R5 ch.

WEEKEND FT

SPORT

One to beat the bookies: Cavvies Clown on his way to a notable victory at Cheltenham last weekend

Racing / Michael Thompson-Noel

Float like a butterfly

BRITAIN'S BOOKIES are a belligerent and brazen bunch: as bold as brass monkeys, which is why I like to biff them.

Taken individually they can be as charming as Ladbroke's Cyril Stein, whose formidable accomplishment has been to convert what used to be an almost Dickensian little betting business into a conglomerate.

But encountered *en masse* – for instance, at the racecourse – they exhibit grating self-confidence. They're alchemists, after all – converting the grey sludge of punters' money into golden profits with no risk at all. They take in £100 and give back £80. If anything upsets them they squeak and they squeal – or simply change the rules. It's an idiot-proof system.

It is because of all this that I sometimes venture to the racecourse. I do not do it very often because I do not trust my luck, but about six times a year I frolic to the races and give those bookies a really nasty shock. I float like a butterfly, bite like a tarantula.

It doesn't always work. Sometimes my judgment wobbles and I am tricked into backing quite the wrong creatures. But time out of mind I have sailed into the ring and pinged those bookies one in the eye. It does not harm their profits. I think they almost like it. But they know when I'm around.

Last Saturday, for instance, I felt obliged to journey to the races because of the weeping and wailing from the owners' side of the fence about the derisory returns they suffer.

Lord Carnarvon – president of the Thoroughbred Breeders' Association and the Queen's racing manager – was recently lamenting the small owner's lot. Last year, a two-year-old filly of his, Quiet Weekend, won at Goodwood and Newmarket and was placed second at Royal Ascot. She won £13,143 in prize money but, after training and racing costs, showed a paltry profit on the season of £258.

"Print also ran five times," said my lord, "winning one listed race. (The animal was also placed twice in group races and once in a listed race). He won £16,487 and I lost £269. Together they won £29,630 in 10 races and I lost £11."

In the *Sporting Life* last week, former champion jumps jockey John Francome was also cracking on about the way in which owners in Britain "run their horses at great cost for very little reward. In France, they race for treble the prizemoney and pay just over half the fees. . . *I am not in favour of racing without bookmakers but, while acknowledging the amount of money some of the big firms put back into racing, I do feel that something has to be done, and quickly, to get some of the many millions that are taken away from the sport, via company profits, back into racing.*"

Which is all fine and grand – but terribly dated. We have heard all this before, and nothing has changed a jot. On the contrary, the argument that UK racehorse owners have a moral right to higher levels of prizemoney is constantly being sabotaged by the facts. No-one *has* to buy a racehorse. They are optionals, like Lamborghinis or mistresses.

Far from falling on its face, UK racing is thriving. Attendances are trending up and there is glut of runners and owners, many of the latter sandwiched into syndicates which are spreading racehorse ownership among the masses in best Thatcherite style.

But that does *not* mean that bookies should get away with murder, which is why last Saturday I hurried to Cheltenham to knock them into line. Cheltenham is in deepest Gloucestershire which is over-run, these days, by the Volvo brigade – the most frightful sort of people. But Cheltenham is the diadem in the crown of National Hunt racing, so Cheltenham it was – even though its racecourse, fringed by sulky hills, can be a shatteringly frozen spot.

I never bother with inside information. There are *wisps* of it about, but it can be ruinously contradictory. As Steve Cauthen said last autumn, towards the end of his battle with Pat Eddery for the Flat jockeys' championship, if we knew what was going to win a horse race we wouldn't bother to get up in the morning.

'Fighting the bookies demands low-life cunning. So I pitched straight in'

Instead, I use commonly available props: the trusty *Life*, the *Timeform* race card, and a quick dip into *The Punter's Revenge: Computers in the World of Gambling*, by Tony Drapkin and Richard Forsyth.

I have not bothered with their discussion of chi-squared, nor their correlation coefficients. I am too advanced for that. But I like their broad approach. For example, they explain that in small fields – say five runners or less – the bookmaker's average take is around 10 per cent. In medium-sized fields (six to 15 runners) it is just over 20 per cent. And in large fields (16 or more runners) it can be over 40 per cent.

Or again: "Punters betting exclusively on short-priced favourites at odds of, say, 2-1 or less would only lose about 3 per cent of their turnover in the course of a season. Indeed, if they were to limit their betting further to races of seven runners or less, and exclude all odds-on shots, they would probably make a modest profit."

To be frank, the racing at Cheltenham last Saturday was pretty modest stuff, though not without interest – the highlight being the thrill of a clash between two excellent animals, Cavvies Clown and Ten Plus, in the three-runner, three-mile one-furlong, £10,000-added Charterhouse Mercantile Chase. Timeform rated both Cavvies Clown and Ten Plus on 177, though Ten Plus was accorded a "p" for "likely to improve," while the *Life* viewed the race as "an informative contest rather than a betting medium."

What snivelling talk. Real men with hair on their chests do not whinge on like that. They get stuck in, though with the betting between Cavvies Clown and Ten Plus proving tight in the extreme – they started at 5-4 and 11-10 respectively – what was called for was exalted judgement and low-life cunning.

As Drapkin and Forsyth explain, the advent of cellular telephone networks and powerful computer systems are easing the task of the big bookmaking battalions in defeating the punter. Quite simply, it is becoming easier to manipulate the market; all too frequently the punter is fleeced.

But the professional backer gets his bet on at the best odds available. "Most professionals," say Drapkin and Forsyth, "reckon that on average their bets are placed at odds which better the returned starting price by one quarter of a point."

Flinging caution to the wind, I pitched straight in. The previous day I had sold a wad of British Gas shares, so was not short of funds. In the first race I wagered £100 on a splendid grey, Jason's Quest, and he won at 16-1, so I let the money ride, rolling my winnings forward to encompass five more winners at the satisfying SP's of 9-2, 5-4, 5-2, 9-2 and 5-6 for a total profit on the day of a little in excess of £197,000. What a rout of the bookies! What a victory for mankind!

I lie, I lie.

That is what I *should* have done, could have done, would have done if I had not been numbed by cold, distracted by chattering fools and lured into such an untypical misreading of the formbook as to back three particularly wretched losers – villains, all: they should be turned into dog food: quite possibly have been – and only one winner, Cavvies Clown, which is now joint favourite for the Cheltenham Gold Cup.

It was all an aberration. Not at all what happens normally. I shall now lie low, at least until the Derby at the start of flaming June. I must rethink my strategy. Nobody must talk to me. I must not be given tasks. I need a sunny corner. I must have Debussy and Ravel, red meat and raspberries and the sound of maidens laughing as they attend simple tasks. Though age may weary them, the bookies shall not escape.

Yachting / Keith Wheatley

Sea fever

Is Kiwi Michael Fay an egomaniac willing to bust apart the finest event in yachting?

ABOUT FIVE weeks from now, one of the biggest and most radical yachts the modern world has seen will be launched in Auckland. To be named New Zealand, controversy will attend the boat's christening and her life thereafter. This 90 ft waterline monster exists solely to revolutionise and then win the America's Cup.

In Fremantle last February, the cup was sailed in 12 metre yachts, as it had been back to 1958. As Dennis Conner flew home to San Diego with the reclaimed Auld Mug, everyone's thoughts were on a bigger and better regatta in 1990. No-one planned for a hijacking – except the Kiwis.

Michael Fay, partner in New Zealand merchant bank Fay Richwhite, had spent a year in Australia running the Kiwi syndicate. Like many a rich and dynamic man before him, Fay became hooked on the cup. "He now eats, sleeps and breathes the America's Cup," said partner David Richwhite. "It gets 100 per cent of his attention and the bank fights for the rest."

Fay just could not wait to get back and have another shot at the contest. It rankled when the San Diego Yacht Club were slow to accept challenges and announce details of the next defence. Last July the Mercury Bay Boating Club lodged a unilateral challenge for the America's Cup. Great Mercury Island is Fay's holiday hideaway and the gauntlet thrown was his.

All matters concerning the America's Cup are ultimately governed by a 19th century document called the Deed of Gift. This Magna Carta of sailing is short and seldom-read. Fay's lawyers studied it. They concluded that if they built a boat to the maximum permissible dimensions (90ft waterline) and challenged first, San Diego would have to race them or forfeit the cup. After a lengthy legal battle instituted by SDYC last autumn, the New York Supreme Court found in favour of New Zealand. California was outraged. So were other would-be contestants like Aussie Alan Bond and Britain's Peter De Savary - although for different reasons.

San Diego would have to fund, build and campaign a yacht to defeat an opponent who was an unknown quantity in just 10 months. They decided not to permit other challengers until Fay was seen off. Britain and Australia were beaten before they started. "There hasn't been a surprise attack on America of this nature since December 1942, Pearl Harbour," said Malin Burnham, elder statesman of America's West Coast sailing and mentor to Dennis Conner.

Conner himself has announced that he will skipper whatever boat the US builds to defend the cup. He was not a happy man. "America today finds herself faced with what amounts to a legalised ambush of the America's Cup," fumed Conner.

However, the byways of the Deed of Gift that gave initial high ground to a cheeky Kiwi hold clauses that give later advantages to a defender. Firstly, the defender may build a different sort of boat. Secondly, he may choose the venue to suit his own craft. Fay has built an ultra-light displacement "sled". It will have a crew of up to 40, possibly perched on trapeze arms from the main hull. The Bruce Farr design is optimised for the flat waters and soft breeze off San Diego.

The defenders have said they may choose the rough conditions of Hawaii for a race course, while San Diego have announced that they will build two multihull defenders, one a trimaran.

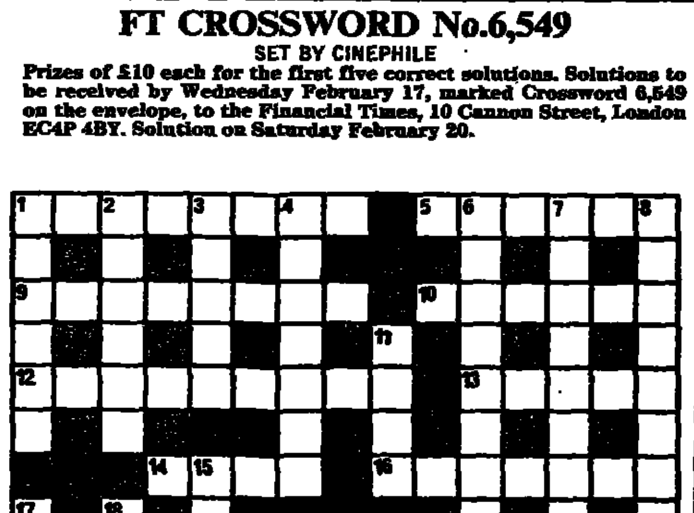
Sailors around the world are divided by what is happening. Some see Michael Fay as an egomaniacal businessman who is willing to bust apart the finest event in yachting to get what he wants – the cup on the boardroom shelf in Auckland. Others believe that the 90-year old 12-metre class had reached a natural apogee of development and cost and was due for a pension.

Is Fay the man who killed the cup – one year after the most spectacular regatta in history? Or is it a new dawn? "I don't have the wisdom to predict the next 137 years," protests Fay. "All we've done is offer a simple challenge. Who can build the fastest 90-footer?" If only it were that simple.

FT CROSSWORD No.6,549

SET BY CINEPHILE

Prizes of £10 each for the first five correct solutions. Solutions to be received by Wednesday February 17, marked Crossword 6,549 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday February 20.



ACROSS

1 Bloomer the other way takes the lid off publicity (8)
5 Black mark for character in previous Greek one (6)
9 Merlin's work about street musician (8)
10 Put up to it, ready for undercoat (6)
12 Thence the umpire has read only memory (9)
13, 2 down, 3 down, 27 A question of the deterrent: maybe benefit's not worth enough....(5,6,2,3,6)
14, 26 down, 21 across, 24, 20 down .....Proverbially a number of the crew operate the switch? (4,5,4,5,4)
16 Ruthless doctor has wine on top of cupboard (7)
19 Painter in acknowledgment of all colours (7)
21, 24 See 14
25 Ill mannered actors get plastered (9)
27 See 13
28 Chancellor of South Yemen with gold sovereign (8)
29 Some of the tartan is to mark the chief's heir (6)
30 Special area for jam (8)

DOWN

1 Reduce status of Lawrence (of Arabia) after protest (6)
2, 3 See 13 across
4 A city re-formed by maker of the rocks? (3,4)
6 Reversion to do with little fish? (9)
7 Eucalyptus is of use to waders (3-5)
8 People who listen to a poet keeping one at church (8)
11 Surrounded by part of Egyptian building (4)
15 Wanting success limits bills (9)
17 Train a little borer (5,3)
18 Relatives at Grammar School to north of Jamaica (8)
20 See 4
21 Mum beneath moon (7)
22 Cat almost gets the shivers in shock (6)
23 Go short – see briefly and look hard around (6)
26 See 14 across

Solution to Puzzle No.6,548

SUBMIT CONSIDER
MARRIED PARSNIP
SKIN PROSPEROUS
EROTIC STATION
GENERAL INVENT
MAISONETTE ISLE
OILSKIN AMALGAM
TUTORESS BETTER

Solution and Winners of Puzzle No.6,537

CZECHOSLOVAKIA
SPRAT TIGERMOTH
ROADHOG THINKER
MATCH NATURALLY
JERUSALEM SATAN
MASTOID SUCCUMB
UXORICIDE ANNUL
FLYING DUTCHMAN

Mr Colin Burns, London SE19; Mr M.E. Gill, Cobham, Surrey; Mr N.G. Hanson, Abbotsbury, Dorset; Mrs A. Pitt, Hillingdon, Middlesex; Mrs H. Stirzey, London SW20.

TELEVISION AND RADIO

SATURDAY

† Programme in black and white

BBC1

[illegible]

BBC2

[illegible] (French with English subtitles). 12:00 am Film: "Johnny O'Clock" starring Dick Powell, Lee J Cobb and Evelyn Keyes.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 7T3. 11:00 Terrahawks. 11:30 The Roxy. 12:00 pm The Fall Guy. 1:00 News. 1:05 LWT News followed by Saint & Greavsie [illegible]

CHANNEL 4

[illegible]

S4C WALES

[illegible] Richardson and Pat McGrath. 1:15 Racing from Sandown Park. 2:30 Rygbi Rhyngwladol Lloegr v Cymru. 4:15 Great Dorset Steam. 5:00 Galapagos. 6:00 Right To Reply. 6:30 An Idea of Europe. 7:00 Citizen 2000. 7:30 Newyddion. 7:50 Gorsuon Yr Wyl. 8:20 Awyr Las. 9:25 Y Maes Chwarae. 10:20 The Golden Girls. 10:50 Late Night with David Letterman. 11:40 Barney Miller. 12:15 am Film: "Beyond Reasonable Doubt" starring David Hemmings, John Hargreaves and Tony Barry. †2:15 Dylan Thomas.

IBA Regions as London except at the following times:

ANGLIA

12:00 pm America's Top Ten. 12:30 Easy Street. 1:05 Anglia News. 5:05 pm Anglia News, Sport and Weather.

BORDER

12:00 pm UFO. 5:50 Man From UNCLE.

CENTRAL

11:00 am Film: "Duncan's World" starring Larry Tobias, Bill Tobias and Calvin Brown Jr. 12:40 Central Sportsworld. 1:10 am Prisoner: Cell Block H. 2:05 The Twilight Zone. 3:00 Rock on Central. 4:30 Central News followed by Central Jobfinder '88.

CHANNEL

11:30 am The Greatest American Hero. 12:30 pm Survival of The Fittest. 12:59 Today's Weather.

GRAMPIAN

12:00 pm The Greatest American Hero. 12:55 Home Cookery Club. 1:10 am Reflections.

GRANADA

11:55 am Cartoon. 12:05 pm Streethawk. 11:10 The Big Match. 12:00 am "Secret Ceremony" starring Liz Taylor. 2:00 Tales from the Darkside. 2:25 America's Top Ten.

HTV

12:00 pm A.L.F. 12:30 America's Top Ten. 5:50 Disney Family Movie "Parent Trap II" starring Hayley Mills and Tom Skerritt. 1:10 am Sledge Hammer. 1:40 Alfred Hitchcock Presents.

TSW

11:30 am The Man From UNCLE. 12:25 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 2:15 Gardens For All. 5:05 Newsport. 1:10 am Postscript.

TVS

11:30 am Greatest American Hero. 12:30 pm Survival of The Fittest.

TYNE TEES

11:00 am The Roxy. 11:30 "Blondie Plays Cupid". 1:10 am Poetry Of The People. 1:20 Jobfinder.

ULSTER

11:00 am Roxy. 11:30 The Mad Dog Gang Spooks Wilde, Wink Wink and the Wobbler. 1:03 Ulster Newstime. 4:55 Sports Result. 5:03 Ulster Newstime. 9:52 Ulster Newstime. 11:10 Magnum. 12:05 am Newhart. 12:30 Ulster Newstime.

YORKSHIRE

11:00 am Roxy. 11:30 Small Wonder. 12:00 pm The Man From U.N.C.L.E. 1:10 am Appointment With Fear: "The Legend of Hell House" starring Gayle Hunnicutt and Peter Bowles. 2:50 Jobfinder.

Stereo on VHF

BBC RADIO 2

8:05 am David Jacobs. 9:00 Sounds Of The 60s. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Inman and Friends. 1:30 Sport On 2 including Football, Racing from Sandown Park, Rugby Union; 6:00 Sports Report. 6:00 The Press Gang. 6:30 Juke-Box Saturday Night. 7:00 Beat The Record. 7:30 Mancini Magic. 9:00 Blake's Seven. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Schubert and Hummel. 9:15 The Week on 3. 9:30 Saturday Review. 1:00 pm News. 1:05 Taking Issue. 1:30 Szymanowski and Mendelssohn. 2:25 From the Proms 87: Soloists and the Amsterdam Baroque Orchestra directed by Ton Koopman - Rebel (Le Cahos), Lully (Ballet de la Raillerie); 3:20 Muffat (Sonata No2), 'Armonico tributo'), Rameau (Les indes galantes, excerpts). 3:55 Parsifal: Wagner's music drama direct from the Royal Opera House, Covent Garden, conducted by Bernard Haitink, with Peter Seiffert in the title role, sung in German, Act 1. 6:40 Critics' Forum. 8:05 Parsifal, Act 2. 7:20 Critics' Forum. 7:40 Parsifal, Act 3. 9:10 The Bible from the Dead Sea. 10:00 Jazz Records Requests. 11:00 Days of Creation: Poems for the 6th day of Creation selected by Patric Dickinson. 11:10 Claudio Arrau (mono): Schönberg (3 Pieces Op11), Schubert (3 Pieces D946). 12:00-12:05 am News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends hosted by Ned Sherrin. 11:00 News; The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm Hoax. 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; Trevor Howard in Goose with Pepper (Play by Frederick Bradnum) (s). 4:30 Science Now. 5:00 Carvel in Conversation. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday Night Theatre (s). 9:15 Music in Mind (s). 9:50 Ten To Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 Writers on Blue Paper. 11:00 The Big Fun Show (s). 11:30 Whose Line Is It Anyway? (s). 12:00-12:15 am News; Weather.

SUNDAY

† Programme in black and white

BBC1

8:55 am Play School. 9:15 Umbrella. 9:30 This Is The Day. 10:00 What on Earth? 10:25 Recovery. 10:50 Telejournal. 11:20 A Vous La France! 11:45 Espana Viva. 12:10 pm Sign Extra. 12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 Eastenders. 3:00 Film: "Wonderful Country" starring Robert Mitchum and Julie London.

4:35 Perfect Strangers. 5:00 Cartoon. 5:05 Fax. 5:30 Antiques Roadshow. 6:15 In The Know. 6:25 News. 6:40 Songs Of Praise. 7:15 All Creatures Great and Small. 8:10 Wicker's World. 9:00 News. 9:15 That's Life! 10:00 Life Without George. 10:30 Everyman. 11:10 Sporting Chance. 11:40 Network East.

BBC2

1:10 pm Horizon. 2:00 Rugby Special (highlights of England v Wales and Scotland v France). 3:00 Darts (Hayward Pickles British International Championship). 4:05 Crufts 88: "The World of Dogs". 4:35 Music in Camera. 5:05 Review. 5:45 Ski Sunday. 6:25 Weather to Ski? 6:30 The Money Programme. 7:15 Eyes on the Prize. 8:10 Underground to Europe. 9:00 Did You See...? 9:35 Design Classics. 10:00 Screen Two: Border. 11:40-12:15 am Darts (highlights of the Hayward Pickles British International Championship).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Wake Up London. 9:35 Fraggle Rock. 10:00 7T3. 10:30 The Adventures of Black Beauty. 11:00 Morning Worship. 12:00 Weekend World. 1:00 pm LWT News. 1:05 Police 5. 1:10 Link. 1:30 The Smurfs. 1:45 My Little Pony. 2:00 Encounter. 2:30 The Big Match Live: Littlewoods Cup semi-final - Everton v Arsenal. 4:30 The Return of the Antelope. 5:00 Disney Family Movie: "Help Wanted: Kids (Part 2)". 6:00 Darwin To Bangkok - The Prince and Princess of Wales on Tour. 6:30 News. 6:35 LWT News. 6:40 Highway. 7:15 Surprise Surprise. 8:15 Wish Me Luck. 9:15 News. 9:25 LWT News. 9:30 Small World. 10:30 World Championship Boxing: IBF World Middleweight title fight - Tony Sibson v Frank Tait. 11:30 D C Follies. 12:00 am Australia 200. 1:00-2:15 Night Network.

Bette Davis in Hush ... Hush, Sweet Charlotte. C4. 9.55pm

CHANNEL 4

9:25 am Movie Mahal. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 The Waltons. 12:30 pm A.P.B. 1:30 Lost in Space. 2:30 The Far Pavilions. 4:30 The Lion and the Ox. 4:40 Gallery. 5:10 News Summary. 5:15 The Business Programme. 6:00 The Great Australian Boat Race: The America's Cup 1987. 7:15 Galapagos. 8:15 The Stocks and Shares Show. 8:45 The Modern World: Ten Great Writers. 9:55 "Hush...Hush, Sweet Charlotte" starring Bette Davis with Olivia de Havilland and Joseph Cotten.

S4C WALES

9:00 am Hafoc. 10:00 The World This Week. 11:00 7 Days. 11:30 The Waltons. 12:30 pm Traws Gwlad. 1:15 Arwyddion Ffyrdd. 1:45 Dilyn Iesu. 2:15 Opera on 4: "The Secret Marriage". 5:15 The Business Programme.

6:00 The Great Australian Boat Race: The America's Cup 1987. 7:15 Wil Cwac Cwac. 7:20 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 8:40 Dechrau Canu, Dechrau Canmol. 9:10 Hel Straeon. 9:40 Sara. 10:10 St Elsewhere. 11:05 Film: "Smash Palace".

IBA Regions as London except at the following times:

ANGLIA

1:00 pm Link. 1:15 Bioscope Bygones. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 6:35 Anglia News.

BORDER

1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:45 Link. 11:30 Scrumdown (St Helens v Halifax).

CENTRAL

1:00 pm Central News. 1:05 Central Post. 1:10 Link. 1:30 Darwin To Bangkok - The Prince and Princess of Wales on Tour. 5:00 Highway To Heaven. 6:00 Bullseye. 6:35 Central News. 11:30 Prisoner Cell Block H. 12:25 am Donahue. †1:20 Thriller Classic: "The Lady Vanishes" starring Margaret Lockwood and Michael Redgrave. 3:05 Central News followed by Central Jobfinder.

CHANNEL

9:25 am Today's Weather. 9:26 Starting Point. 1:00 pm Link. 1:15 Les Français Chez-Vous. 1:30 Enterprise South.

GRAMPIAN

9:25 am Cartoon. 11:00 America's Top Ten. 1:00 pm Farming Outlook. 1:30 Cartoon Time. 1:40 Link. 2:30 Survival. 3:00 Bullseye. 3:30 Darwin To Bangkok - The Prince and Princess of Wales on Tour. 4:00 Grampian Sheepdog Trials. 5:00 Scotsport. 11:30 Scrumdown. 12:30 am Reflections.

GRANADA

9:25 am Speedy and Daffy Duck. 1:00 pm Members Only. 1:05 This Is Your Right. 1:35 Aap Kaa Hak. 1:40 Link. 5:00 Highway To Heaven. 11:30 RL Action - Scrumdown.

HTV

9:25 am Speedy and Daffy. 1:00 pm Farming Wales followed by Weather for Farmers. 1:30 Cartoon Time. 1:45 Link. 6:35 HTV News. 11:30 America's Top Ten. 12:00 am Worlds Beyond. HTV WALES: SAME AS HTV WEST EXCEPT: 11:30 pm International Cross Country (highlights from this afternoon's Women's European Club Cross Country Championships). 12:00 am America's Top Ten.

TSW

9:25 am Speedy and Daffy. 1:00 pm Farming News. 1:30 Action South West. 1:40 Link. 5:35 TSW News. 11:30 Kojak. 12:25 am Sunday Review.

TVS

1:00 pm TVS News. 1:05 Link. 1:20 Action! 1:30 Enterprise South. 1:57 TVS Weather. 10:30 The South Bank Show.

TYNE TEES

9:25 am Hello Sunday. 1:00 pm Farming Outlook. 1:30 Regional News. 1:35 Cartoon Time. 1:40 Link. 5:00 The Duck Factory. 5:30 Northern Life - Sunday Edition. 10:30 The South Bank Show (Colin McCabe). 11:30 Nine To Five. 12:00 am Northern Opera Sing. 12:10 Jobfinder.

ULSTER

12:58 pm Ulster Newstime. 1:00 Ask Anne. 1:15 Link. 1:30 Advice with Anne Hailes. 1:58 Farming Weather. 6:28 Ulster Newstime. 9:27 Ulster Newstime. 10:30 Boxing. 11:30 Crazy Like A Fox. 12:25 am Sports Results. 12:30 Ulster Newstime.

YORKSHIRE

9:25 am Cartoon Time. 1:00 pm Cartoon Time. 1:10 Link. 1:25 Farming Diary followed by Farming Weather and Inshore Weather. 11:30 Scrumdown. 12:30 am Five Minutes. 12:35 Jobfinder. Stereo on VHF

BBC RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington. 2:00 pm Benny Green. 2:30 Soccer Special (Medium Wave only). 4:15 Lorna Dallas (joining FM). 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:15 Big Fight Special. Tony Sibson v Frank Tate for the IBF World Middleweight. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 David Francis and Gordon Langford at the piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am A Recorder Virtuoso. 7:30 News. 7:35 Schnabel's Beethoven Concertos. 8:30 News. 8:35 Your Concert Choice. 10:30 A Two-Way Rainbow Bridge: Michael Oliver and 'Music Weekly' investigate the phenomenon of musical performance with executants and observers. 11:15 BBC Scottish Symphony Orchestra with Karita Mattila (soprano): Sibelius (Var det en dröm?; Svarta Rosor, Luonnotar), Nielsen (Symphony No2). 12:10 pm Words. 12:15 Pascal Rogé (piano): Mozart, Beethoven, Satie, Poulenc. 1:15 Writers Talking (Paul Bailey in conversation with D.J. Enright). 1:50 Colin Tilney (harpsichord) plays Frescobaldi and Storace. 2:15 Brahms: Piano Quartet in C minor Op60 played by Ian Brown with Marcia Crayford, Roger Chase and Christopher van Kampen. 2:55 Berlin Radio Symphony Orchestra: Stravinsky (Suite: The Firebird), Tchaikovsky (Symphony No5). 4:15 Celebrity Recital: John Lill (piano); 4:55 Interval Reading. 5:00 Interpretations on Record: Geoffrey Norris compares recorded performances of Rachmaninov's Paganini Rhapsody. 7:00 A Most Delightful Art. 7:30 Manchester Tippett/Debussy Festival: Soloists and the Halle Choir and Orchestra perform 'The Mask of Time'; 8:10 Sir Michael Tippett talks to Michael Hall. 9:25 Music At War (Readings from the war diaries of Austrian novelist Robert Musil). 10:05 Late Beethoven: String Quartet Op132 played by the Alban Berg Quartet. 10:50 Choral Evensong. 11:40 Days of Creation: Poems for the last day of Creation selected by Patric Dickinson. 12:00-12:05 am News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 The Local Network. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardener's Question Time. 2:30 Australia. 3:30 Origins. 4:00 News; Still A Juliet. 4:47 Timpson's England. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News.

6:15 Feedback (Christopher Dunkley airs comments about BBC programmes and policies. 6:30 International Assignment. 7:00 News; The Maestro (s). 7:30 Fear on 4 (s). 8:00 Bookshelf. 8:30 Jessica. 9:00 News; Vietnam Remembered. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 The Year of Drama. [illegible]

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